SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Audit Committee and Special Board Meeting

Monday, September 14, 2026
10:00 AM

San Diego County Regional Airport Authority
Administration Building
First Floor – Boardroom
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.

This Meeting allows remote participation in accordance with State law.

IN PERSON PUBLIC COMMENTS: Submit a Speaker Slip to the Clerk staff at the beginning of the meeting, or when the Item is called, or before the Non-Agenda Public Comment section is called.

ELECTRONIC/REMOTE PUBLIC COMMENTS VIA TEAMS: Join online by clicking this link: https://teams.microsoft.com/meet/226620133877198?p=TLn9jQzGhjL5hQLwdJ
or join by phone by calling this number +1 619-737-2396, 124987541# and submit a speaker slip to the Clerk at the beginning of the meeting, or when the Item is called, or before the Non-Agenda Public Comment section is called by emailing Clerk@san.org or dialing 619-400-2550.

Remote participants will have the same opportunity to provide public comment as in-person attendees. If you require special assistance to participate in this Meeting, please contact Clerk@san.org at least 48 hours before the Meeting.

All participants (in-person and remote) are expected to engage in a respectful and courteous manner. Any behavior that disrupts the Meeting may result in removal.

PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.

THE CLERK'S OFFICE DOES NOT ACCEPT EXTERNAL FLASH DRIVES OR REMOVABLE MEDIA DEVICES. ALL PRESENTATIONS MUST BE EMAILED TO Clerk@san.org BY CLOSE OF BUSINESS THE DAY PRIOR TO THE APPLICABLE MEETING.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

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

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 May 4, 2026, Regular Meeting and the May 18, 2026, Special Meeting.

2. **FISCAL YEAR 2026 ANNUAL REPORT FROM THE AUDIT COMMITTEE:**
RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance.
(Presented by: Gretchen Newsom, Audit Committee Chair)

3. **FISCAL YEAR 2026 ANNUAL 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)

4. **ANNUAL REVIEW OF THE CHARTER OF THE AUDIT COMMITTEE:**
RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed revision to the Charter and forward it to the Board with a recommendation for approval.
(Presented by: Lee Parravano, Chief Auditor)

5. **ANNUAL REVIEW OF THE CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed revision to the Charter and forward it to the Board with a recommendation for approval.
(Presented by: Lee Parravano, Chief Auditor)

6. **REVISION TO THE FISCAL YEAR 2027 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: Staff recommends that the Audit Committee accept the revised audit plan and forward it to the Board with a recommendation for approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***
(Presented by: Fred Bolger, Manager, Audit Services)

CLOSED SESSION:

7. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
Number of cases: 1

<u>REPORT ON CLOSED SESSION</u>:

<u>COMMITTEE MEMBER COMMENTS</u>:

<u>ADJOURNMENT</u>:

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 speaker slip to the Clerk prior to the initiation of the portion of the Agenda containing the item to be addressed (e.g., Public Comment and General Items), or may submit a request electronically by emailing the Authority Clerk at Clerk@san.org or calling 619-400-2550. Failure to submit a speaker slip or submit an electronic request 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. Members of the public participating remotely shall be provided with the same opportunity to address the Board as members of the public participating in-person.
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 taken up by the Board, ALUC and/or Committees.
4) If many persons have indicated a desire to address the Board, ALUC and/or 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. The time limits shall apply equally to in person and remote participants.**
5) Pursuant to Authority Policy 1.33(8), recognized groups must register with the Authority Clerk prior to the meeting.
6) Pursuant to Authority Policy 1.34, in the event of a technology disruption ("Disruption") that prevents the public from accessing the Meeting via the posted call-in or internet-based service, the Authority will take the following actions:

   • If the Disruption occurs before the Meeting begins, the Meeting will be delayed until access is restored or alternative access is provided.
   • If the Disruption occurs during the Meeting and affects public participation, the Meeting will be recessed for at least one (1) hour or until access is restored, whichever is sooner.
   • If the Disruption is not resolved within one (1) hour, the Board, ALUC, and/or Committee may adjourn the Meeting, or may take a vote of the Board, ALUC, and/or Committee adopting certain findings and to continue 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.

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MEETING
MINUTES
MONDAY, MAY 4, 2026
BOARDROOM

CALL TO ORDER: Chair Newsom called the Audit Committee Meeting to order at 10:03 a.m. on Monday, May 4, 2026, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Vaus led the Pledge of Allegiance.

ROLL CALL:

Present:	Committee Members:	Huerta, Montgomery Steppe, Newsom (Chair), Perez, Sanchez, Vaus, Wong Nickerson
Absent:	Committee Members:	None
Also Present:	Atif Saeed, President & CEO; Amy Gonzalez, General Counsel; Annette Fagan Ortiz, Authority Clerk; Patricia Willis, Assistant Authority Clerk II; Sonja Banks, Assistant Authority Clerk II	

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. **APPROVAL OF MINUTES:**
   RECOMMENDATION: Approve the Minutes of the February 9, 2026, Regular Meeting.

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

   Board Member Sanchez arrived at the meeting at 10:11 a.m.

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

Rumzei Abdallah, Partner, Plante Moran, provided a presentation on Required Communication to the Audit Committee on the Financial and Compliance Audits for the Fiscal Year Ended June 30, 2026, that included: Engagement Team; Scope of Audit; Audit Timeline; Required Communications; Audit Plan; and Information from You Relevant to Our Audit.

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

ACTION: Moved by Committee Member Wong Nickerson and seconded by Committee Member Huerta to approve staff recommendation. Motion carried unanimously.

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

Lee Parravano, Chief Auditor provided a presentation on the Fiscal Year 2026 Third Quarter Report from the Office of the Chief Auditor that included: Fiscal Year 2026 Performance Measure, and General Audit Activities.

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

ACTION: Moved by Board Member Vaus and seconded by Board Member Montgomery Steppe to approve staff recommendation. Motion carried unanimously.

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

Lee Parravano, Chief Auditor provided a presentation on the Risk Assessment and Proposed Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor that included: Defining the Audit Universe; Interpreting the Results; Developing the Annual Audit Plan; Audit Resources; Proposed Audit Plan & Hours; Proposed Contingent Audits & Hours, and OCA Vision & Strategic Objectives.

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.

ACTION: Moved by Board Member Sanchez and seconded by Board Member Vaus to approve staff recommendation. Motion carried unanimously.

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

Lee Parravano, Chief Auditor provided a presentation on the Fiscal Year 2027 Proposed Budget for the Office of the Chief Auditor and Fiscal Year 2028 Proposed Conceptual Budget Expense Summary that included: FY 2027 Proposed Budget-FY 2028 Conceptual Budget Expense Summary; Major Drivers of Fiscal Year 2027 Proposed Budget and FY 2028 Conceptual Budget, and Chief Auditor, Authority Budget & Debt.

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.

ACTION: Moved by Board Member Sanchez and seconded by Board Member Montgomery Steppe to approve staff recommendation. Motion carried unanimously.

COMMITTEE MEMBER COMMENTS:

CLOSED SESSION: The Committee recessed into Closed Session at 10:39 a.m. to discuss Items 6, 7, and 8. Noting on Item 7, Cameron Burkel, Manager, Aviation Security & Public Safety will be sitting in for Clint Welch, Director, Aviation Security & Public Safety who is absent.

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: The Committee adjourned out of Closed Session at 11:26 a.m. There was no reportable action.

ADJOURNMENT: The meeting adjourned at 11:27 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 14th DAY OF SEPTEMBER 2026.

LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL AUDIT COMMITTEE MEETING
MINUTES
MONDAY, MAY 18, 2026
BOARDROOM

CALL TO ORDER: Chair Newsom called the Special Audit Committee Meeting to order at 12:19 p.m., on Monday May 18, 2026, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Committee Member Montgomery Steppe led the Pledge of Allegiance.

ROLL CALL:

Present:	Committee Members:	Montgomery Steppe, Newsom (Chair), Perez, Sanchez, Wong Nickerson
Absent:	Committee Members:	Huerta, Vaus
	Board Members:	Benzian, Kuperschmid
Also Present:	Scott Brickner, Vice President/CFO; Amy Gonzales, General Counsel; Annette Fagan Ortiz, Authority Clerk; Patricia Willis, Assistant Authority Clerk II; Sonja Banks, Assistant Authority Clerk II	

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. **INTERVIEW APPLICANTS TO FILL A VACANCY ON THE AUDIT COMMITTEE:** Chair Newsom reported that there is a public member vacancy due to the term expiration of Agnes Wong Nickerson and that this vacancy was publicized consistent with the appointment process. She stated that this appointment to the Audit Committee is for a three-year term, which expires, June 30, 2029.

   The Committee interviewed applicants James Courtney and Phillip Unthank.

   RECOMMENDATION: Interview applicants and select a primary and an alternate to recommend to the Board for appointment to fill a vacancy on the Audit Committee.

> **ACTION: Moved by Committee Member Wong Nickerson and seconded by Committee Member Sanchez to recommend to the Board the appointment of Phillip Unthank to fill the public member vacancy on the Audit Committee and to recommend James Courtney as alternate, if the Board does not select Mr. Unthank, to commence July 1, 2026. Motion carried unanimously, noting Committee Member Huerta and Committee Member Vaus as ABSENT.**

ADJOURNMENT: The meeting adjourned at 12:51 p.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 14TH DAY OF SEPTEMBER 2026.

LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 2

Audit Committee Report

Meeting Date: September 14, 2026

Subject:

Fiscal Year 2026 Annual Report from the Audit Committee

Recommendation:

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

Background/Justification:

The Charter of the Audit Committee was instituted by Board Resolution No. 2003-061 on October 2, 2003, and states the Audit Committee's authority, role, duties, and oversight responsibilities. These duties and responsibilities are further detailed in Authority Policy Article 1, Section 1.50 (5)(c)(ii).

Annually, in accordance with the Charter of the Audit Committee, the Committee shall provide a summary report to the Board on its activities and recommendations covering how it discharged its duties and met its oversight responsibilities during the previous year.

The Charter of the Audit Committee was most recently revised by Board Resolution No. 2025-0065 on October 1, 2025.

During its September 14, 2026, meeting, the Chair of the Audit Committee will present the Fiscal Year 2026 Annual Report from the Audit Committee (Attachment A) for review by the Committee Members. Any revisions requested by the Audit Committee will be incorporated prior to the report's submittal to the Board during a regularly scheduled Board meeting.

Fiscal Impact:

None

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:

Lee M. Parravano
Chief Auditor

September 14, 2026

Lydia Ball, Board Chair
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 92138-2776

Dear Chair Ball:

The Charter of the Audit Committee requires the Committee to submit an annual report to the Authority Board summarizing the Committee's activities during the preceding year. This report summarizes the actions taken by the Audit Committee during Fiscal Year 2026, covering the period July 1, 2025, through June 30, 2026.

During Fiscal Year 2026, the Committee performed its responsibilities under the Charter of the Audit Committee by providing oversight of the internal audit function, external audit function, audit recommendations, financial reporting, ethics-related communications, and governance developments.

WORK PERFORMED

During Fiscal Year 2026, the Audit Committee reviewed required communications from the Office of the Chief Auditor (OCA) and the Authority's external audit firm, Plante Moran, as well as the Charter of the Audit Committee and the Charter for the Office of the Chief Auditor.

The Audit Committee reviewed a range of documents and reports related to the activities conducted by the OCA. Additionally, the Committee received quarterly updates from the OCA, which encompassed discussions on completed internal audits as well as the progress made by Authority management in implementing the recommendations provided by the OCA.

During Fiscal Year 2026, Audit Committee members reviewed, approved, or received as information reports and presentations listed here:

- OCA Fiscal Year 2025 Annual Report.
- OCA Fiscal Year 2026 Quarterly Reports and corresponding audit findings and recommendations.
- OCA Audit and Advisory reports issued during Fiscal Year 2026, totaling 12.
- OCA recommendations issued during Fiscal Year 2025, totaling 29.
- Management's progress to implement recommendations issued by the OCA.
- Revisions to the Fiscal Year 2026 OCA Audit Plan.
- OCA Fiscal Year 2027 Risk Assessment and Audit Plan.
- OCA Fiscal Year 2027 proposed budget.
- Ethics program and confidential hotline updates.
- Public employee performance evaluation goal setting for the Chief Auditor.

The external auditor provides required communications annually at the May and November Audit Committee meetings. These communications correspond with the Authority's annual financial statement audit cycle, which ends June 30.

On November 24, 2025, Plante Moran, the Authority's external audit firm, delivered a comprehensive presentation to the Audit Committee regarding the audited financial statements for the fiscal year ended June 30, 2025. The following reports were submitted to, reviewed by, and accepted by the Audit Committee before being forwarded to the Authority Board for consideration:

- Audited Financial Statements
- Passenger Facility Charge (PFC) Compliance Report
- Customer Facility Charge (CFC) Compliance Report
- Letter to the Audit Committee
- 2025 Annual Comprehensive Financial Report (ACFR)

On February 9, 2026, Plante Moran delivered a presentation to the Audit Committee regarding the Single Audit for the fiscal year ended June 30, 2025. The Single Audit Report is generally presented with the other reports provided by the external auditor; however, issuance of the final report was delayed until the federal government issued the 2025 Compliance Supplement. After the Compliance Supplement was released, the external auditors completed the required compliance testing and issued the

P.O. BOX 82776
SAN DIEGO, CA 92138-2776
SAN.ORG

Single Audit Report. The Single Audit Report was reviewed and accepted by the Audit Committee before being forwarded to the Authority Board for consideration.

Plante Moran issued clean, unmodified opinions on the Authority's Financial Statements, PFC Audit, CFC Audit, and Single Audit for Fiscal Year 2025. Plante Moran did not identify any internal control deficiencies, non-compliance matters, or external audit findings requiring Committee-monitored corrective action.

On May 4, 2026, Plante Moran presented information to the Audit Committee regarding the engagement team, audit scope, timeline, independence matters, required communications, and other matters related to the financial and compliance audits for the fiscal year ended June 30, 2026.

MONITORING AND AUDIT RECOMMENDATIONS

Key to the Audit Committee's monitoring of the Authority's operations are communications from the Chief Auditor and the external auditor during semi-annual meeting attendance, as noted previously.

The Audit Committee is regularly informed of the progress made by Authority management toward implementing the recommendations issued by the OCA. At each Committee Meeting, the OCA presents the status of audit report recommendations, specifically, whether implementation is still pending, the length of time a recommendation has been open, or whether the recommendation was completed.

MEETINGS HELD

The Audit Committee met five times in Fiscal Year 2026. The Audit Committee Meeting dates were as follows:

- September 8, 2025 – *Regular Meeting*
- November 24, 2025 – *Special Meeting - Rescheduled from Cancelled November 12, 2025, Regular Meeting*
- February 9, 2026 – *Regular Meeting*
- May 4, 2026 – *Regular Meeting*
- May 18, 2026 – *Special Meeting*

The November 12, 2025, Regular Meeting was cancelled and rescheduled to November 24, 2025. Minutes of the Audit Committee meetings are on file with the

Authority Clerk and may also be found on the San Diego International Airport website, www.san.org.

GOVERNANCE DEVELOPMENTS

As part of its oversight responsibilities, the Audit Committee annually reviews the Charter for the Office of the Chief Auditor, the Charter of the Audit Committee, the OCA's Quality Assurance and Improvement Program, and the requirements specified within each Charter.

This review ensures that changes in Authority governance processes, financial reporting, risk management, and internal auditing standards or professional practices are accurately reflected and that the Charters are revised as needed.

During Fiscal Year 2026, revisions were necessary to both the Charter of the Audit Committee and the Charter for the Office of the Chief Auditor due to the newly effective Global Internal Audit Standards. The Charter for the Office of the Chief Auditor required updates to incorporate language from the new Standards related to independence, communication with the Audit Committee and Authority Board, and maintenance of a quality assurance and improvement program. The Charter of the Audit Committee required updates to incorporate participation in discussions about essential conditions, ensuring the Chief Auditor has adequate competencies and qualifications, conformance with the Global Internal Audit Standards, and updated terminology. The Committee reviewed the proposed revisions to the Charter of the Audit Committee and the Charter for the Office of the Chief Auditor and recommended the revised Charters for Authority Board approval.

On June 30, 2026, the term of Audit Committee public member Agnes Wong Nickerson expired. A Notice of Vacancy was posted on February 17, 2026, to fill the vacancy. Four applications were received and reviewed.

The Audit Committee selected two applicants for interviews, which were conducted on May 18, 2026. Following the interviews, the Audit Committee selected Phillip Unthank to serve a three-year term beginning July 1, 2026. Mr. Unthank's appointment is classified under the public member category for a person with public or private sector executive-level decision-making experience.

The Audit Committee remains committed to fulfilling its oversight responsibilities and supporting effective governance, risk management, internal control, and public accountability for the Authority.

Sincerely,

Gretchen Newsom
Audit Committee Chair
Public Member

GN/LP

cc: SDCRAA Board Members
SDCRAA Audit Committee Members
Atif Saeed, President/CEO

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SAN DIEGO, CA 92138-2776
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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 3

Audit Committee Report

Meeting Date: September 14, 2026

Subject:

Fiscal Year 2026 Annual 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 to the Authority's Audit Committee and executive management regarding the Office of the Chief Auditor's (OCA) performance relative to the Audit Plan, the results of completed audit engagements and other activities, and any risk exposures or control issues identified that could interfere with the achievement of the Authority's strategic objectives.

Additionally, the Institute of Internal Auditors' Global Internal Audit Standards *(Standards)* require the Office of the Chief Auditor to make certain disclosures to the Audit Committee and Board at least annually.

The Fiscal Year 2026 Annual Report from the Office of the Chief Auditor is submitted to the Audit Committee as Attachment A. The report describes the activities and accomplishments of the OCA during the period July 1, 2025, through June 30, 2026, and includes details on all recommendations completed or in progress during the 4th Quarter of Fiscal Year 2026.

In addition, the report provides required disclosures in accordance with the *Standards* and the Charter for the Office of the Chief Auditor.

Staff requests that the Audit Committee review the Fiscal Year 2026 Annual Report and forward the report to the Board for acceptance.

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

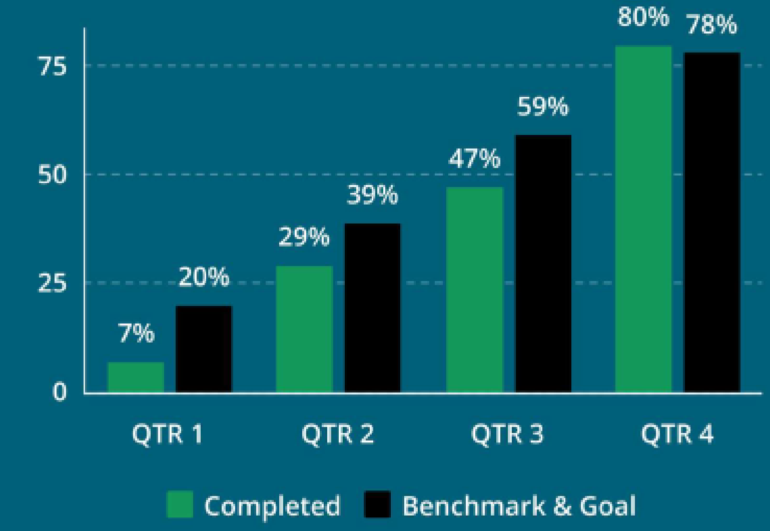
ATTACHMENT A

Office of the Chief Auditor
Fiscal Year 2026 Annual Report

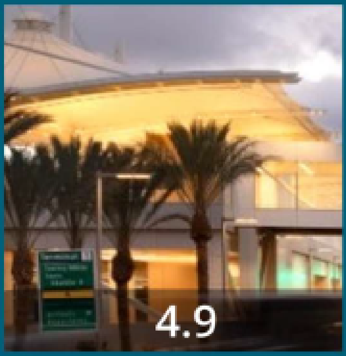
SAN DIEGO INTERNATIONAL AIRPORT

Audit Engagement Progress

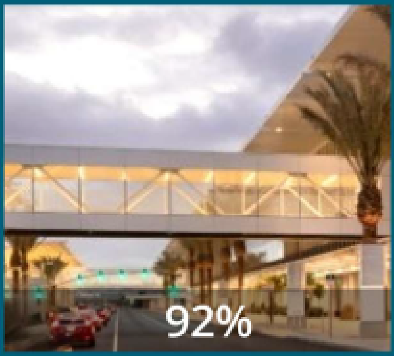
Audit Engagements Completed vs. Benchmark & Goal



By The Numbers



Auditee Satisfaction Rating



Engagements Completed Under Budget

Auditor Utilization Percentage

Recommendations Accepted By Management

Office of the Chief Auditor
Fiscal Year 2026 Annual Report

Issue Date: September 14, 2026

SAN DIEGO INTERNATIONAL AIRPORT

Office of the Chief Auditor

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

Lee Parravano
Chief Auditor

Table of Contents

Summary

Executive Summary

The purpose of the Fiscal Year 2026 Annual Report is to summarize the activities performed by the Office of the Chief Auditor (OCA) and communicate required disclosures in conformance with The Institute of Internal Auditors' Global Internal Audit Standards.

During Fiscal Year 2026, the OCA completed audit, advisory, general audit, administrative, and quality assurance activities in support of the Audit Committee, Board, and Authority management. The OCA completed 12 audit and advisory engagements, exceeded all established performance measure goals, and performed key general audit activities including construction audit coordination, data analytics, recommendation follow-up, administration of the Fraud, Waste, Abuse, and Ethics Program, and development of the Fiscal Year 2027 risk assessment and Audit Plan.

The OCA also completed Fiscal Year 2026 Quality Assurance and Improvement Program ongoing monitoring activities. There were no impairments to independence or objectivity, known instances of nonconformance affecting the OCA's scope, operations, or engagement results, significant errors or omissions, resource limitations, or instances of management accepting risk above the Authority's risk appetite or tolerance identified during Fiscal Year 2026.

A summary of the OCA's Fiscal Year 2026 activities and results are provided in the sections that follow.

Performance Measures

For Fiscal Year 2026, seven major performance measures were developed to evaluate the OCA. Table 1 below presents the OCA's performance against the selected performance measures. Results are reported to the Audit Committee and Board quarterly, unless otherwise noted.

Table 1: Status of Performance Measures as of June 30, 2026

#	Performance Measure	Goal	Actual	Benchmark
1	Customer Satisfaction Ratings from: i. Audit Committee/Board (reported annually) ii. Executive Management (reported annually) iii. Auditee	4.0	i) 5.0 ii) 5.0 iii) 4.9	4.0
2	Percentage of audit and advisory engagements completed.	78%	80%	78%
3	Percentage of recommendations accepted.	95%	100%	95%
4	Percentage of staff meeting CPE requirements (reported annually).	100%	100%	92%
5	Percentage of staff time spent on audit and advisory engagements and general audit activities.	71%	75%	71%
6	Percentage of audit and advisory engagements completed within budget.	78%	92%	78%
7	Percentage of staff with professional certifications or advanced degrees	86%	100%	86%

Customer Satisfaction Rating

The OCA measures customer satisfaction through annual surveys of the Authority Board/Audit Committee and Executive Management, as well as post-engagement surveys of auditees following each audit or advisory service. Respondents are asked, "How would you rate your level of satisfaction with the Office of the Chief Auditor?" Auditee results are reported quarterly to the Audit Committee and Board. For Fiscal Year 2026, the OCA exceeded its goal of 4.0 in each customer category, with aggregate scores of 5.0 for the Authority Board/Audit Committee, 5.0 for Executive Management, and 4.9 for auditees.

Percentage of Audit and Advisory Engagements Completed

The OCA completed 9 audits and 3 advisory engagements for a total of 12 completed engagements. This represents 80%[1] of audit and advisory engagements on the Fiscal Year 2026 Audit Plan, exceeding the goal established. For the status of all Fiscal Year 2026 Audit Plan activities on June 30, 2026, see Appendix A.

[1] The Fiscal Year 2026 Audit Plan has 14 audits and 4 advisory engagements. However, the three audits identified as "Tenant Lease Admin. & Management – FY 2026 Rental Car Companies - Audit Engagement # 26003", Construction – Subcontracts - Audit Engagement # 25016, and "ARFF Management- Audit Engagement # 26005" were scheduled to 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 that were planned to be completed in the fiscal year.

Percentage of Recommendations Accepted

This measure helps assess whether OCA recommendations are practical, relevant, and accepted by management. In Fiscal Year 2026, management accepted 100% of audit recommendations, exceeding the 95% goal.

Percentage of Staff that Meet Continuing Professional Education (CPE) Requirements

This measure confirms whether OCA staff maintained required professional education. Because CPE requirements are measured on a calendar-year basis, the results reported for this measure reflect calendar year 2026. For calendar year 2026, 100% of OCA staff met applicable CPE requirements.

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

This measure tracks the percentage of staff time spent on audit engagements, advisory engagements, and general audit activities[2]. In Fiscal Year 2026, OCA staff spent 75% of working time[3] on these activities, exceeding the established goal.

Percentage of Audit and Advisory Engagements Completed within Budgeted Time

This measure evaluates the OCA's efficiency in completing audit and advisory engagements within the internally developed budget hours established for each engagement. In Fiscal Year 2026, the OCA completed 92% of its engagements within budgeted time, exceeding both the benchmark and goal.

Percentage of Audit Staff with Professional Certifications or Advanced Degrees

As of April 30, 2026, 100% of OCA staff held a professional certification or an advanced degree. At the start of the fiscal year, five of six auditors held a Certified Internal Auditor (CIA) certification. During the year, the remaining auditor earned the CIA designation, bringing the total to six of six auditors certified as CIAs.

[2] Appendix A details all planned activities in these categories for Fiscal Year 2026.

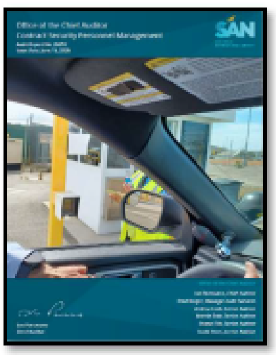
[3] Time Off (e.g., Holidays, Paid Time off) has been excluded from this calculation.

Audit and Advisory Engagements

The Fiscal Year 2026 Audit Plan had 18 total audit and advisory engagements that were to be initiated. Of these, three engagements were not anticipated to be completed in the fiscal year. These three engagements are included in the Fiscal Year 2027 Audit Plan. This left 15 engagements for the OCA to complete.

During Fiscal Year 2026, the OCA completed 12 of the 15 engagements. This resulted in the OCA completing 80% of engagements, exceeding the 78% goal established. All audits not completed in Fiscal Year 2026 will carry over to the Fiscal Year 2027 Audit Plan for completion. An agenda item is included in the September 14, 2026, Audit Committee meeting to add any unfinished audits to the Fiscal Year 2027 Audit Plan.

Below are highlights from the audit and advisory engagements completed by the OCA during the fourth quarter of Fiscal Year 2026. Audits completed during the first three quarters were communicated to the Audit Committee and Board through the OCA's quarterly activity reports. In addition, the OCA electronically distributes final audit reports to designated recipients upon issuance.



Contract Security Personnel Management - Audit Engagement #26010: The objective of this audit was to determine if the Global Aviation Management Group, Inc. (Global) Agreement is administered appropriately. Our audit found that the Agreement with Global was administered appropriately. Specifically, hourly rates were correct, monthly invoice hours were reasonable and supported by payroll and timekeeping records, staffing levels complied with the Agreement, and Global met personnel certification and inspection requirements. The audit identified two immaterial errors totaling less than $500, which will be refunded on a future invoice. The audit did not identify any findings or recommendations.

Fox Rent A Car - Advisory Service #26009 AS: The objective of this advisory service engagement was to identify the difference between the gross and concessionable revenue calculated by the OCA and Fox's independent CPA for the period from July 1, 2024, to June 30, 2025. The OCA determined the difference was due to Fox's independent CPA classifying two revenue accounts as concessionable, whereas the OCA excluded them from concessionable revenue.

Rent A Car Companies – Advisory Service #26007 AS: The objective of this advisory service was to provide advice and assistance to the Landside Business Development (LBD) Department, including explaining audit and reporting requirements to potential and existing Rent A Car companies. OCA assistance included attending Authority meetings, participating in an Authority-hosted Rent A Car industry meeting to answer questions, and providing input on contract language.

SP+ Shuttle Operations - Advisory Service #26011 - AS: The objective of this advisory service engagement was to assist management with implementing the agreed-upon action plans from the SP+ audit report dated December 30, 2025. OCA assistance included attending meetings to discuss billings, management's plans to enhance data reporting, and tracking technologies. Because management's implementation efforts were still ongoing at the end of Fiscal Year 2026, the OCA included an advisory service in the Fiscal Year 2027 Audit Plan to continue assisting management with these efforts.

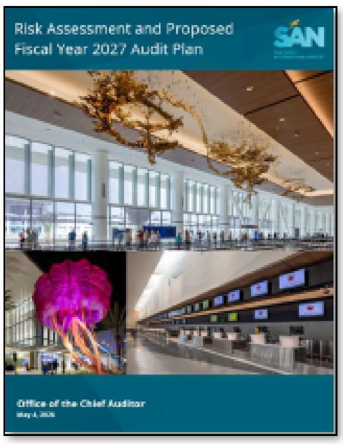
Harbor Police Contract Management - Advisory Service Engagement #26006- AS: The objective of this advisory service was to provide management assistance with recommendations related to the San Diego Unified Port District (Port) Harbor Police Department (HPD) Contract. The OCA assisted management in Fiscal Year 2026 and appreciated the opportunity to collaborate with management. The OCA did not make any management decisions or perform any management functions during this engagement. An additional engagement to assist management in Fiscal Year 2027 is included in the Fiscal Year 2027 Audit Plan.

General Audit Activities

In addition to performing audit and advisory engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required[4] 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. See Appendix A for a listing of all General Audit Activities.

Risk Assessment and Audit Plan

The OCA is required to submit a risk-based internal Audit Plan to the Audit Committee annually. Performing the Fiscal Year 2027 Risk Assessment included obtaining input from the Board, Audit Committee, Authority Management, and staff. During Fiscal Year 2026, the OCA worked with Authority Management to identify and rank the likelihood and impact of a risk event occurring for each Key Work Activity within the Authority. The resulting Fiscal Year 2027 Audit Plan was then developed, based on the results of the Risk Assessment process and the discussions with key stakeholders. The Fiscal Year 2027 Risk Assessment and Audit Plan was submitted to the Audit Committee on May 4, 2026, and subsequently approved by the Board on June 4, 2026.



Construction Activities

Construction audit activity in Fiscal Year 2026 included continued work with Baker Tilly, the on-call construction audit consultant. During the year the audit of Change Order Compliance was completed. Pay Applications and Subcontracts are currently in progress. The OCA expects the audit of Pay Applications to be completed in the first or second quarter of Fiscal Year 2027 and Subcontracts in late 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 Airport Development and Construction and Authority management, providing assistance as requested, and attending meetings specific to all aspects of the Authority's construction activity.

[4] Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the Global Internal Audit Standards.

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 Fiscal Year 2026, the OCA identified an anomaly in rent-a-car company data through its continuous monitoring efforts. Staff determined the issue resulted from a formula error that caused the company to incorrectly calculate Customer Facility Charges on certain transactions, resulting in an underpayment of approximately $50,000 to the Authority. After management and the company were notified, the company acknowledged the error and agreed to pay the outstanding amount.

In addition, staff began exploring the use of artificial intelligence to help streamline the data-cleaning process, which is a time-consuming component of data analysis.

Fraud, Waste, Abuse, and Ethics Program Activities

The OCA administers the Authority's Ethics Program, which includes the confidential Fraud, Waste, Abuse, and Ethics (FWA&E) reporting hotline. During Fiscal Year 2026, the OCA received 19 tips/reports through the hotline. Of these, 6 were considered FWA&E-related and 13 were not considered FWA&E-related[5]. Tips/reports not investigated by the OCA were referred to management or another appropriate party for review, as applicable.

The hotline also allows individuals to ask questions regarding potential ethical matters before taking action. During Fiscal Year 2026, the OCA received two ethics-related questions. The OCA appreciates employees and other individuals who seek guidance to help ensure informed and ethical decision-making.

During Fiscal Year 2026, the OCA also performed targeted fraud detection activities under the FWA&E Program. These activities included data-focused reviews of selected payroll and vendor information to identify indicators or anomalies that may warrant further review. These procedures were not designed to provide assurance regarding the absence of fraud, waste, or abuse. The procedures performed did not identify matters warranting additional review or referral. The OCA expects to continue performing fraud detection activities in the next fiscal year.

A summary of the tips/reports received in Fiscal Year 2026 is shown in Table 2 below.

[5] 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.

Table 2: Hotline Tips/Reports Received in Fiscal Year 2026

Category	Tips / Reports Received	Investigation Initiated by OCA/Others	Investigation Outcome			
			In Progress	Unsubstantiated / Inconclusive	Partially Substantiated	Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports						
Business Integrity	6	4	2	1	1	-
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	**6**	**4**	**2**	**1**	**1**	**-**
Non-Fraud, Waste, Abuse, & Ethics Tips/Reports						
Business Integrity	1	-	-	-	-	-
Workplace Conduct	5	-	-	-	-	-
Other	7	-	-	-	-	-
Total Non-Fraud, Waste, Abuse, & Ethics Tips/Reports	**13**	**-**	**-**	**-**	**-**	**-**
Total Hotline Tips/Reports	**19**	**4**	**2**	**1**	**1**	**-**

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 C). These inquiries allow the OCA to determine how many recommendations have been completed, as well as to obtain the status on progress being made to implement the recommendations.

The Audit Committee is updated each quarter on the status of recommendations. The recommendations that have been remediated by management in prior quarters of Fiscal Year 2026 were presented to the Audit Committee on the following Committee Meeting dates: September 8, 2025, November 24, 2025, February 9, 2026, and May 4, 2026.

Table 3 below shows the number of recommendations that were *Completed* or *In Progress* as of the fourth quarter of Fiscal Year 2026, along with the estimated/actual implementation timeframes based on the audit report issue date. None of the completed recommendations were implemented within the initial timeframes identified when the recommendations were issued; however, both were implemented within six months of audit report issuance. Of the In Progress recommendations, six of the ten recommendations were still within the initial timeframe identified for implementation.

Overall, the OCA is satisfied with the Authority's current implementation progress based on our tracking inquiries.

Table 3: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	2	-	-	2
In Progress	2	8	-	10

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) Global Internal Audit Standards (GIAS) requires the OCA to maintain a Quality Assurance and Improvement Program (QAIP). Comprehensive details are included under the *Quality Assurance and Improvement Program* section of this report.

Administrative

The activities that reside within the Administrative classification of the Fiscal Year 2026 Audit Plan include meeting attendance by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Qualifications and Training

Proficiency and due care for the OCA are the responsibility of the Chief Auditor. Cumulatively, the OCA has over 120 years of auditing experience. OCA staff hold 15 professional certifications. The types of professional certifications and number of staff with each certification are as follows:

- 6 - Certified Internal Auditors (CIA)
- 2 - Certified Public Accountants (CPA)
- 2 – Certified Fraud Examiners (CFE)
- 1 - Certified Construction Auditor (CCA)
- 1 - Certified Information Systems Auditor (CISA)
- 1 - Certified Government Auditing Professional (CGAP)
- 1 - Certification in Risk Management Assurance (CRMA)
- 1 - Chartered Global Management Accountant (CGMA)

Each of these certifications requires that the holder complete a specified number of hours of CPE. As noted above, all CPE requirements were met for all OCA staff during calendar year 2026.[6]

[6] Professional organizations generally track Continuing Professional Education (CPE) either by calendar year or a fiscal year. The OCA verifies CPE compliance on a calendar year basis.

Audit Committee Support

During Fiscal Year 2026, the Audit Committee met five times on the following dates:

- September 8, 2025 – *Regular Meeting*
- November 24, 2025 – *Special Meeting*
- February 9, 2026 – *Regular Meeting*
- May 4, 2026 – *Regular Meeting*
- May 18, 2026 – *Special Meeting to Interview Applicants to fill a vacancy on the Audit Committee*

Before each meeting of the Audit Committee the OCA coordinated all activities with the Committee Chair and the Clerk's Office relating to agenda preparation and materials required.

Staffing

During Fiscal Year 2026, Marnie Dale was promoted from Auditor to Senior Auditor after successfully earning the Certified Internal Auditor certification. Marnie has served with the OCA for more than 10 years and brings significant institutional knowledge to the role.

Tracking Budget and Expenses

The OCA's Fiscal Year 2026 operating expenses were approximately $1,365,000, coming in $164,000 under budget. No unexpected or large outlays occurred within the department in Fiscal Year 2026. The $1,365,000 excludes costs related to Baker Tilly, the on-call construction audit consultant. Baker Tilly costs are funded from the capital budget.

OCA Outreach, Support, and Professional Involvement

Due to the OCA's work on the Facilities Management Department's Inventory Management Audit, the OCA was invited to serve as a featured speaker at the Association of Airport Internal Auditors annual conference.

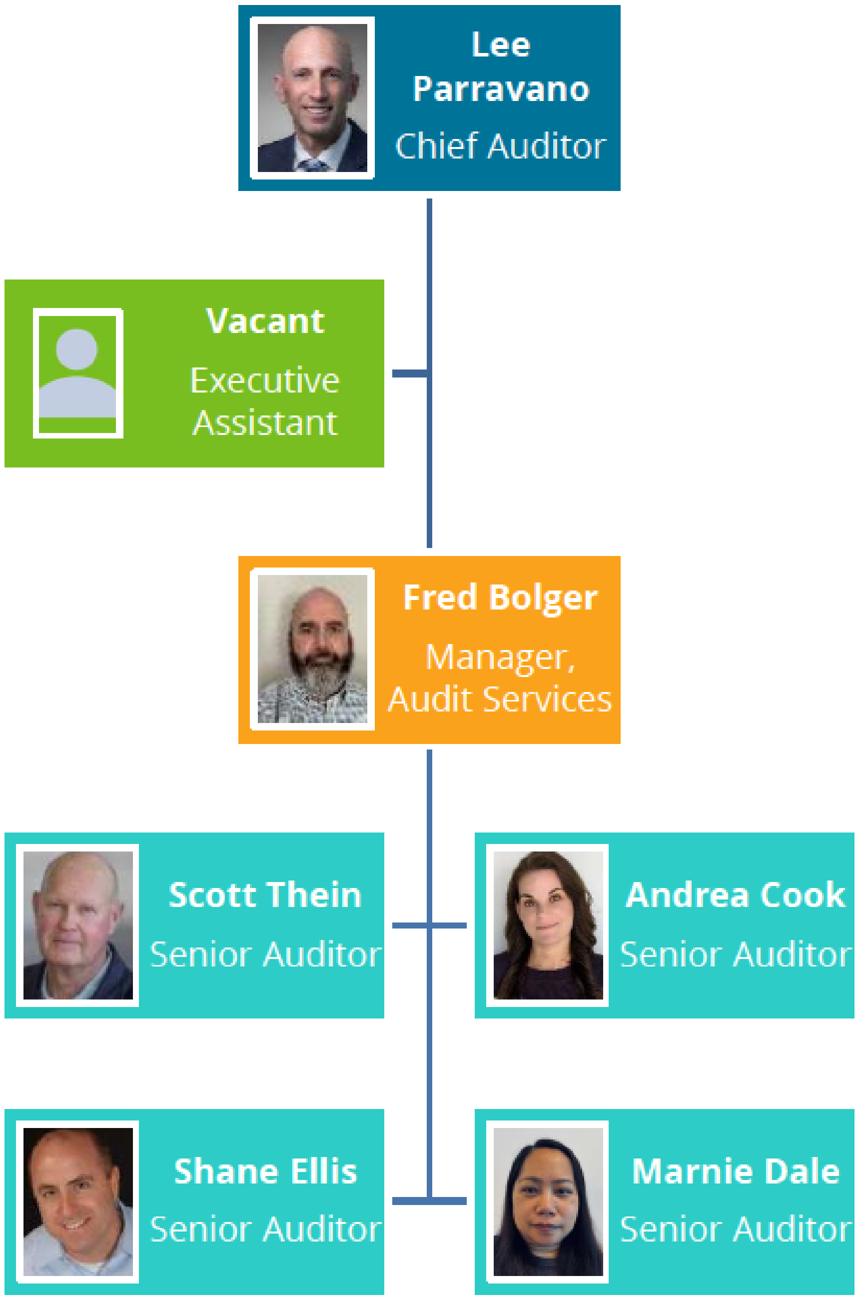
The OCA also supported the New Terminal 1 opening by covering more than 40 shifts, totaling approximately 150 hours. Support included escorting trade workers, assisting with passenger trials, participating in open houses and dress rehearsals, and providing post-opening support.

In addition to services provided to the Authority, OCA staff were involved in various audit-related organizations and activities in their personal time. As of June 30, 2026, OCA staff members served in the following community roles:

- Audit Committee Member for the San Diego Girl Scouts
- Board of Directors member for the University of the Philippines Alumni Association – San Diego

Organization Chart

As of June 30, 2026, the OCA organizational structure was as follows.



Quality Assurance and Improvement Program

Background

The Institute of Internal Auditors' Global Internal Audit Standards (GIAS) requires the OCA to maintain a Quality Assurance and Improvement Program (QAIP). The QAIP is designed to evaluate the OCA's conformance with the GIAS, assess progress toward performance objectives, and support continuous improvement. The QAIP includes internal assessments and external assessments.

Internal assessments include ongoing monitoring and periodic self-assessments. Ongoing monitoring is performed annually as part of routine OCA processes and is used to monitor audit quality, adherence to OCA methodology, and progress toward performance objectives. Periodic self-assessments provide a broader evaluation of conformance with the GIAS.

External assessments, also known as Quality Assessment Reviews or peer reviews, are performed at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

For Fiscal Year 2026, the OCA performed ongoing monitoring. The next periodic self-assessment and external assessment are scheduled for Fiscal Year 2028.

The GIAS also contains other mandatory reporting requirements as documented in Appendix B.

External Assessment - Quality Assessment Review


The Association of Local Government Auditors
Awards this
Certificate of Compliance
to
San Diego County Regional Airport Authority
Office of Chief Auditor
Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the *International Standards for the Professional Practice of Internal Auditing* for engagements during the period July 1, 2018 through June 30, 2023.
Corrie Stokes
ALGA Peer Review Committee Chair

The most recent external assessment of the OCA was performed by the Association of Local Government Auditors (ALGA) for the five-year period from July 1, 2018, through June 30, 2023. The external assessment was performed in January 2024, and the results were presented to the Audit Committee during its May 6, 2024 meeting.

The external assessment concluded that the OCA generally conformed with applicable internal audit standards, which is the highest rating available under the external assessment process. The assessment did not identify any recommendations requiring a formal improvement plan. The next external assessment is required for the five-year period ending June 30, 2028.

Internal Assessment – Self-Assessment & Ongoing Monitoring

Internal assessments under the QAIP include ongoing monitoring and periodic self-assessments. The OCA's last periodic self-assessment was performed in July and August 2023 in connection with the external assessment performed by ALGA. The results of that self-assessment were shared with the Audit Committee in November 2023.

For Fiscal Year 2026, the OCA performed ongoing monitoring. Ongoing monitoring is incorporated into routine OCA activities and evaluates whether internal audit processes are operating effectively, whether engagement work is performed in accordance with applicable standards and OCA methodology, and whether the OCA is progressing toward established performance objectives. The next self-assessment is planned to occur in Fiscal Year 2028.

Scope and Objectives of Ongoing Monitoring

The objective of Fiscal Year 2026 ongoing monitoring was to evaluate whether OCA processes were operating effectively to support audit quality, adherence to OCA methodology, and progress toward OCA performance objectives. The review included selected testing of one completed audit engagement, as well as administrative, performance measurement, follow-up, strategic objective, and quality-related activities.

The scope of ongoing monitoring included the following areas:

- Engagement planning, supervision, resource allocation, workpaper documentation, and audit report quality.
- Evidence, analysis, findings, recommendations, and follow-up processes.
- Performance measures, feedback, staff qualifications, continuing professional education, and professional development.
- Methodology, Charters, policy, reporting, and other quality-related administrative practices.
- Progress on strategic objectives and related supporting initiatives.

Results of Ongoing Monitoring

The Fiscal Year 2026 ongoing monitoring procedures did not identify any matters that would affect the quality of OCA audit or advisory engagement results. Ongoing monitoring also did not identify any known instances of nonconformance that affected the scope or operation of the OCA or the results of individual engagements.

Because Fiscal Year 2026 procedures were limited to ongoing monitoring, the OCA did not perform a periodic self-assessment or update the overall level of conformance with the GIAS during the year. The OCA's most recent overall conformance rating remains based on the prior periodic self-assessment and external assessment process.

QAIP Observations and Improvement Opportunities

The Fiscal Year 2026 ongoing monitoring procedures did not identify any items that would impact audit quality or require a formal corrective action plan. As part of the Fiscal Year 2026 QAIP, the OCA reviewed the Charter for the Office of the Chief Auditor and the Audit Committee Charter. Proposed updates to both charters were identified to align with the GIAS and Authority governance requirements and are scheduled for review as part of the September Audit Committee agenda. The OCA also identified process improvement opportunities related to engagement closeout, recommendation documentation consistency, and routine methodology enhancements. These items will be addressed through routine OCA process improvements.

Strategic Objective Progress

As part of ongoing monitoring, the OCA evaluated progress toward the five strategic objectives included in the internal audit strategy. Overall, the OCA is progressing appropriately toward its strategic objectives. Of the 22 supporting initiatives reviewed, 17 were rated On Track, five were rated At Risk, and none were rated Off Track. The At Risk initiatives identify areas where additional follow-up, resource planning, or attention is needed to maintain alignment with the five-year strategy. Additional details are included in Appendix B.

Appendix A – Fiscal Year 2026 Audit Plan

#	Activity	Status as of 6/30/2026	Over/ Under Budget
	Audit		
1	Purchase Goods and Services - *Audit Engagement # 25012*	Completed	Under
2	Tenant Lease Admin. & Management – FY 2025 Rental Car Companies - *Audit Engagement # 25004*	Completed	Over
3	Parking Management Contract Administration - *Audit Engagement # 25009*	In Progress	
4	Harbor Police Contract Management – Fiscal Years 2021, 2022, 2023, and 2024 - *Audit Engagement # 25013*	In Progress	
5	Construction - Change Orders - *Audit Engagement # 25015*	Completed	Under
6	Construction – Subcontracts[7] - *Audit Engagement # 25016*	In Progress	
7	Construction – Pay Applications - *Audit Engagement # 25017*	In Progress	
8	Tenant Lease Admin. & Management – ABRM Internal Controls - *Audit Engagement # 26001*	Completed	Under
9	Payroll – Social Security Section 218 Agreement - *Audit Engagement # 26002*	Completed	Under
10	Tenant Lease Admin. & Management – FY 2026 Rental Car Companies[7]- *Audit Engagement # 26003*	In Progress	
11	System Security - *Audit Engagement # 26004*	Completed	Under
12	ARFF Management[7]- *Audit Engagement # 26005*	In Progress	
13	Rental Car Shuttle Service Contract Administration - *Audit Engagement # 26008*	Completed	Under
14	Contract Security Personnel Management - *Audit Engagement # 26010*	Completed	Under
	Advisory		
15	Harbor Police Contract Management - *Advisory Service Engagement #26006-AS*	Completed	Under
16	Tenant Lease Admin. & Management –General Rental Car Company Reporting - *Advisory Service Engagement # 26007-AS*	Completed	Under
17	Tenant Lease Admin. & Management –Fox Rental Car Company Reporting - *Advisory Service Engagement # 26009-AS*	Completed	Under
18	Rental Car Shuttle Service Contract Administration - *Advisory Service Engagement # 26011-AS*	Completed	Under
	General Audit		
19	Risk Assessment & Audit Plan	Completed	
20	Construction Meeting Attendance & Coordination	Completed	
21	Development of Data Analytics	Completed	
22	Fraud, Waste, Abuse, and Ethics Program	Completed	
23	Recommendation Follow-up	Completed	
24	Quality Assurance & Improvement Program	Completed	
	Administrative		
25	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	Completed	
26	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	Completed	

[7] Audit engagement was not anticipated to be completed in Fiscal Year 2026 and will be carried forward to Fiscal Year 2027.

Appendix B – Disclosures

The following items are being disclosed in conformance with the GIAS.

Table B-1 crosswalks key GIAS and Charter communication requirements to the related Fiscal Year 2026 disclosure and/or report location. Additional narrative disclosures follow the table to expand on selected items.

GIAS Standard	Charter / Communication Requirement	Fiscal Year 2026 Disclosure	Location / Reference
2.3; 7.1	Disclose impairments to independence or objectivity, including safeguards or actions taken.	No impairments to independence or objectivity were identified. Advisory services were performed during Fiscal Year 2026; safeguards were applied, and no impairments to independence or objectivity were identified.	Appendix B – Organizational Independence; Impairments to Independence or Objectivity; Advisory Services and Safeguards
4.1; 12.1; 15.1	Disclose nonconformance with GIAS when it affects the scope or operation of the OCA or an engagement.	No known nonconformance affected the OCA's scope, operations, or engagement results.	Appendix B – Disclosure of Nonconformance; Quality Assurance and Improvement Program
6.1; 6.2; 9.2	Communicate the OCA mandate, charter, and strategy, including updates.	The OCA Mandate, Charter, Vision, and Strategic Objectives were reviewed and disclosed in this Annual Report and as part of the annual review of the Charter for the Office of the Chief Auditor.	Appendix B – Mandate and Audit Strategy
8.1; 9.4	Communicate the Audit Plan, risk assessment, budget, significant changes, and limitations.	The Fiscal Year 2027 Risk Assessment and Audit Plan were submitted to the Audit Committee and approved by the Board. The budget is annually approved in May and is tracked and reported each quarter.	General Audit Activities – Risk Assessment and Audit Plan; Appendix A
8.2; 10.1; 10.2; 10.3	Communicate resource sufficiency, including financial, human, and technological resources.	The OCA had sufficient financial, human, and technological resources to fulfill its mandate and perform the approved Audit Plan. No resource limitations were identified that impaired the OCA's ability to fulfill its responsibilities.	Administrative – Staffing; Tracking Budget and Expenses; Appendix B
8.3; 8.4; 12.1; 12.2	Communicate QAIP results, external assessment status, performance objectives, and improvement plans.	QAIP results, ongoing monitoring, external assessment status, performance measures, and improvement activities are disclosed in this report.	Quality Assurance and Improvement Program; Summary – Performance Measures
9.5	Communicate issues achieving appropriate coordination with other assurance providers, if applicable.	During the Risk Assessment and Audit Plan process, the OCA considered the work of other assurance and advisory service providers. Additionally, the OCA coordinated with outside assurance providers to obtain assurance over certain activities, including construction-related activities. No significant coordination issues were identified.	Appendix B – Coordination and Reliance
11.3; 15.2	Communicate results of internal audit services and follow up on management action plans.	Audit and advisory results, as well as recommendation follow-up status, are disclosed quarterly and in this Annual Report.	Audit and Advisory Engagements; Recommendation Follow-up; Appendix C

GIAS Standard	Charter / Communication Requirement	Fiscal Year 2026 Disclosure	Location / Reference
11.5	Communicate management's acceptance of risk above risk appetite or tolerance.	No instances were identified in which management accepted a level of risk that the OCA believed exceeded the Authority's risk appetite or tolerance and required escalation.	Appendix B – Communicating Acceptance of Risk
11.4	Communicate significant errors or omissions in final engagement communications.	No significant errors or omissions in final engagement communications were noted.	Appendix B – Errors and Omissions

Supplemental Narrative Disclosures

The following sections provide additional context for selected disclosures summarized in Table B-1. Where the table identifies that no reportable condition was noted, the narrative is limited to the information necessary to document the disclosure.

Mandate, Charter, and Audit Strategy - GIAS Standards 6.1, 6.2, & 9.2

The GIAS requires the OCA to periodically review and communicate the internal audit mandate and internal audit strategy. The OCA's mandate and strategy were developed and reviewed by the Audit Committee in May 2025. The mandate is also included in, and reviewed as part of, the Charter for the Office of the Chief Auditor.

Mandate

The Chief Auditor shall be accountable to the Board under Public Utilities Code §170026, and pursuant to the Chief Auditor's employment agreement. The Office of the Chief Auditor assists the Audit Committee in discharging the duties described in Public Utilities Code §170018. The Office of the Chief Auditor also assists executive management in achieving Authority objectives. To assist the Audit Committee/Board and executive management, the Office of the Chief Auditor will perform assurance and advisory services on Authority activities. Services include, but are not limited to, reviews of internal controls, operating effectiveness, operating efficiencies, ethical behavior, expenditures, and compliance with the Authority's Codes, Policies, Standards, and procedures.

Internal Audit Vision and 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

Progress on Supporting Initiatives

To support the OCA's internal audit strategy, the OCA tracks 22 supporting initiatives aligned to the five strategic objectives. Progress on each initiative is assessed annually using a three-tier status model: On Track, At Risk, or Off Track. Overall, the OCA is progressing appropriately toward its five strategic objectives. For Fiscal Year 2026, 17 supporting initiatives were rated On Track, five were rated At Risk, and none were rated Off Track. Because the strategic objectives are designed to be achieved over a five-year period, an On Track rating for an initiative means Fiscal Year 2026 progress is consistent with expected progress toward the longer-term objective, rather than indicating the initiative has been fully completed. An At Risk rating identifies an initiative requiring additional follow-up, resource planning, or management attention to remain aligned with the five-year strategy. An Off Track rating would indicate significant concern that the initiative may not be completed as intended. The objective-level status shown in the table reflects the overall progress of the supporting initiatives for each strategic objective; objectives with mostly On Track initiatives and limited At Risk items are reported as Substantially on Track. These results were used to evaluate progress toward each strategic objective and identify priorities for the upcoming year.

Strategic Objective	On Track	At Risk	Off Track	Objective Status	Focus
Enhance Audit Methodologies	3	1	-	Substantially on Track	Continue annual analytics, policy, and charter reviews; document milestones for expanding BI-supported continuous auditing.
Strengthen Stakeholder and Community Relationships	5	-	-	On Track	Continue stakeholder meetings, professional outreach, and annual feedback analysis.
Promote Continuous Improvement and Build a Strong Audit Team	4	1	-	Substantially on Track	Reassess peer-review participation timing and include time in a future audit plan when capacity allows.
Leverage Technology, Innovation, and Outside Professionals	2	3	-	At Risk	Obtain software licenses for remaining staff, complete Fraud, Waste, Abuse, and Ethics hosted hotline rollout, continue technology training, and evaluate outside-professional sourcing.
Enhance Communication and Reporting	3	-	-	On Track	Maintain the GIAS-aligned report template and infographic coverage at or above 50%.
Total	**17**	**5**	**-**		

Organizational Independence - GIAS Standard 7.1

The OCA must confirm to the Board, at least annually, the organizational independence of the internal audit activity.

- ✓ The OCA reports directly to the Board through the Audit Committee. This reporting structure provides the independence necessary for the OCA to perform its responsibilities separate from Authority management. During Fiscal Year 2026, there were no instances in which the OCA's organizational independence was impaired.

Impairments to Independence or Objectivity - GIAS Standards 2.3 & 7.1

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed. The OCA must also discuss any current or proposed roles and responsibilities that have the potential to impair independence.

- ✓ During Fiscal Year 2026, the OCA did not identify any impairments to independence or objectivity in fact or appearance related to audit or advisory engagements. In addition, the OCA is not aware of any current or proposed roles or responsibilities that would impair the OCA's independence.

Advisory Services and Safeguards

During Fiscal Year 2026, the OCA performed advisory services related to Harbor Police contract management, rental car company reporting, Fox Rent A Car reporting, and SP+ shuttle operations. These services included providing analysis, attending meetings, explaining audit or reporting requirements, and providing input or advice as requested.

To safeguard independence and objectivity, the OCA did not make management decisions, perform management functions, or assume responsibility for implementing management action plans. Based on the nature of the advisory services performed and the safeguards applied, the OCA did not identify any impairment to independence or objectivity.

Coordination and Reliance – GIAS Standard 9.5

The GIAS requires the OCA to coordinate with other internal and external providers of assurance and advisory services, as appropriate, to support effective coverage and minimize duplication.

- ✓ During the Risk Assessment and Audit Plan process, the OCA communicated with senior management and considered the work of other assurance and advisory service providers. During the year, the OCA also coordinated with outside assurance providers to obtain assurance over certain activities, including construction-related activities.

- ✓ The OCA did not identify any significant issues affecting appropriate coordination or reliance on other assurance providers during Fiscal Year 2026.

Resource Sufficiency – GIAS Standards 8.2, 10.1, 10.2, and 10.3

The Chief Auditor is responsible for communicating whether internal audit resources are sufficient to fulfill the OCA's mandate and support completion of the approved Audit Plan. Resource sufficiency includes financial, human, and technological resources.

- ✓ During Fiscal Year 2026, the OCA had sufficient resources to fulfill its mandate and perform the approved Audit Plan. No resource limitations were identified that impaired the OCA's ability to carry out its responsibilities. Additional information related to staffing, budget, expenses, qualifications, and technology initiatives is included in the Administrative and Quality Assurance and Improvement Program sections of this report.

Communicating Acceptance of Risks - GIAS Standard 11.5

The OCA's audit activities may identify issues that pose risks to Authority operations. Some issues may require management action, while others may involve situations in which management decides to accept the risk associated with continuing the current practice.

- ✓ The OCA is required to communicate to executive management and the Audit Committee/Board any situation in which the Chief Auditor believes management has accepted a level of risk that exceeds the Authority's risk appetite or tolerance. During Fiscal Year 2026, the OCA did not identify any instances in which management accepted a level of risk that the OCA believed exceeded the Authority's risk appetite or tolerance and required escalation.

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:

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

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2026
Completed						
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	5/4/2026	Payless previously paid the $500 late reporting penalty for this report. The final/corrected report was received on April 30, 2026, and that report was reviewed and approved by LBD on May 4, 2026.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2026
Completed						
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	Program Controls has implemented measures to strengthen the change order review and approval process. Effective immediately, we have directed the General Contractor (JV) that all subcontractors change order packages will be required to include the complete cost analysis and all supporting documentation used to evaluate and justify proposed markups. This documentation will include subcontractor pricing breakdowns, markup calculations, cost analyses, and any supporting correspondence or records used during the review process. In addition, relevant personnel have been briefed on the updated requirements, and periodic leadership reviews will be conducted to verify compliance with the updated process. These actions will ensure that approved change order packages contain a complete audit trail supporting the evaluation and approval of subcontractor markups and reduce the risk of unsupported, non-allowable, or duplicate costs being included in future change orders.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 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	1/31/2027	Since April 1, TBD, LBD, AR, Accounting, and IT&S have met on five separate occasions and have made progress towards implementation. All teams are now aligned and understand their scopes and requirements to achieve completion. The next meeting is scheduled for August 19, 2026.
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	1/31/2027	Since April 1, TBD, LBD, AR, Accounting, and IT&S have met on five separate occasions and have made progress towards implementation. All teams are now aligned and understand their scopes and requirements to achieve completion. The next meeting is scheduled for August 19, 2026.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 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	10/30/2026	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.
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	10/30/2026	The MRO solicitation is expected to be completed in July and approved by the Board in September. Once approved, FMD will work with the selected vendor to use Procurement's Contract Administration Guide to develop and implement SOPs within the department.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 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	10/1/2026	As of June 10, Procurement has drafted and finalized new SOPs. The new SOPs will be administered by the Storage & Distribution Technician and the new Procurement Coordinator role. After successful recruitment of the Procurement Coordinator role, the SOPs will be fully implemented and published in the authority wide Procurement Manual and Contract Administration Guide.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 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	10/1/2026	Procurement has finalized testing and has integrated a new tablet for paperless copies of packing slips, delivery confirmation forms, and photos of delivered packages. The new SOPs will be administered by the Storage & Distribution Technician and the new Procurement Coordinator position. As of July 2026, the Union has approved changes to the Storage & Distribution Technician job responsibilities to incorporate the new procedures. The Procurement Coordinator position is under review with Human Resources. Once the recruitment is initiated and finalized procedures can be fully administered.
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	1/31/2027	Since April 1, TBD, LBD, AR, Accounting, and IT&S have met on five separate occasions and have made progress towards implementation. All teams are now aligned and understand their scopes and requirements to achieve completion. The next meeting is scheduled for August 19, 2026.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2026
In Progress						
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	10/31/2026	LBD requested quotes from ETA Transit to upgrade systems and install equipment as recommended. Based on the quotes received, the Authority is piloting an alternative technology solution for a three-month period. The goal is to determine which technology provider can deliver the data required by the Authority. The pilot will also evaluate costs, capabilities, and equipment requirements. Upon completion, LBD will recommend a technology solution for deployment across the entire RCC bus fleet.
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	SP+ obtained quotes for bus tracking technology solutions from multiple vendors and is currently piloting one of the proposed systems, as described in Recommendation 26-19.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 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 and SP+ created a "Bussing Summary" spreadsheet to be included as part of the monthly reporting package. This sheet highlights data on SP+ daily and monthly operations - including costs for operations, personnel, maintenance dollars and hours, fuel, staff hours, fleet performance, and other metrics. Preparation of the report required additional training for SP+ staff. The report is currently being modified and will be completed with the August-2026 invoice packet.

Item 3

SAN DIEGO
INTERNATIONAL AIRPORT

Fiscal Year 2026 Annual Report from the Office of the Chief Auditor

Audit Committee Meeting September 14, 2026

Agenda

- **Fiscal Year 2026 at a Glance**
- **Performance Measures**
- **General Audit Activities**
  - Recommendation Follow-Up
  - Fraud, Waste, Abuse, & Ethics
  - Quality Assurance and Improvement Program (QAIP)
- **Audit Spotlight: Contract Security Personnel Management**
- **Advisory Spotlight: Fox Rent A Car**

SAN DIEGO INTERNATIONAL AIRPORT

Executive Summary

Fiscal Year 2026 at a Glance

All
Performance Measures Exceeded Goal

NO
Nonconformance or Impairments

$164,000
Under Budget

Performance Measures
All measures exceeded their established goals for the fiscal year.

Quality Assurance & Improvement Program
No items identified that would impact audit quality.

Quality and Disclosures
No nonconformance, independence impairments, or resource limitations noted.

Budget
Operating expenses of $1,365,000, coming in $164,000 under budget.

SAN DIEGO INTERNATIONAL AIRPORT

Performance Measures

Performance Measure	Goal	Actual	Benchmark
Customer Satisfaction Rating from Auditee	4.0	4.9	4.0
Percentage of Audit and Advisory Engagements Completed	78%	80%	78%
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%	92%	78%

General Audit Activities – Recommendation Follow-Up

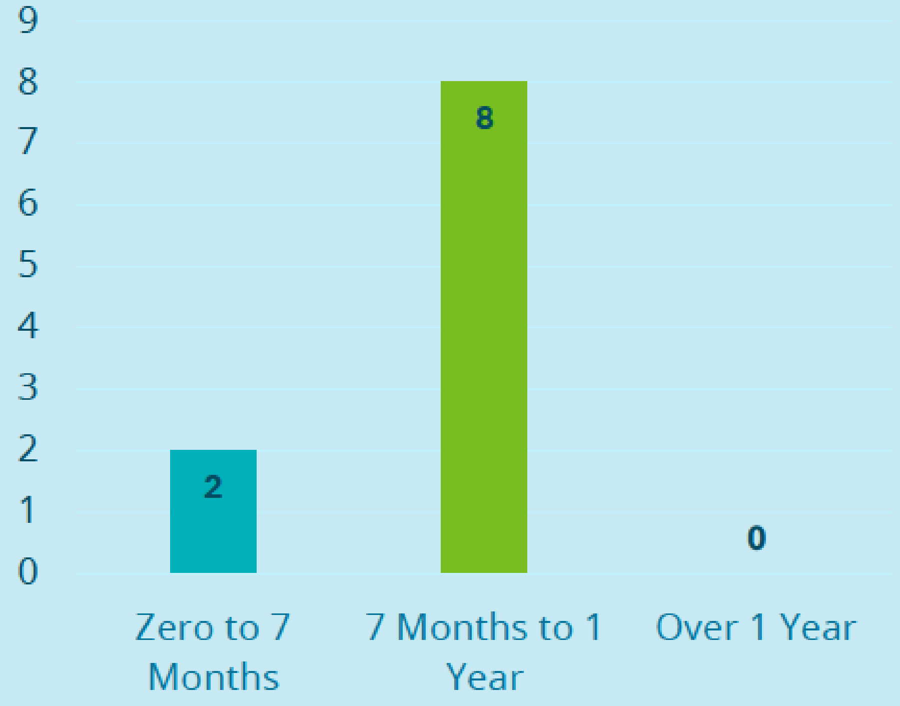
Recommendation Follow Up

Status as of June 30, 2026			
Completed	In Progress	Not Accepted	Tracked
2*	10**	-	12

* 0 recommendations were completed within the initial timeframe identified for implementation. Completed within 6 month of Audit Issuance.

** 6 recommendations are still within the initial timeframe identified for implementation. The remaining 3 are awaiting OCA verification of reimbursement.

Estimated Implementation Timeframe for In Progress Recommendations



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

Category	Tips / Reports	Investigation Initiated by OCA/Others	Investigation Outcome			
			In Progress	Unsubstantiated / Inconclusive	Partially Substantiated	Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports						
Business Integrity	6	4	2	1	1	-
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	6	**4**	**2**	**1**	**1**	**-**

SAN DIEGO INTERNATIONAL AIRPORT

General Audit Activities – QAIP

The Standards require a Quality Assurance and Improvement Program with both internal and external assessments of conformance and audit quality.

Completed FY2026

Ongoing Monitoring

Frequency

Annual

Focus

Audit Quality

Status

Performed July – August 2026

Not Due This Year

Self-Assessment

Frequency

Periodic

Focus

Conformance with Standards

Status

Last performed 2023 · Next 2028

Not Due This Year

External Assessment


The Association of Local Government Auditors

Awards this

Certificate of Compliance

to

San Diego County Regional Airport Authority
Office of Chief Auditor

Frequency

Every 5 years

Focus

Conformance with Standards

Status

Last performed 2024 · Next covers period ending June 30, 2028

2024 External Assessment Result

Generally Conforms - Highest rating

General Audit Activities – QAIP (continued)

Fiscal Year 2026 Results

No items impacting audit quality and no nonconformance affecting the OCA's scope, operations, or engagement results.

Improvement Opportunities

1. Updates to the OCA and Audit Committee Charters to align with the Standards and Authority governance requirements.
2. Potential process improvements, such as engagement closeout and recommendation documentation.

OCA Response

1. Updated Charters are included on the September Audit Committee agenda.
2. Process improvements are being implemented through routine OCA activities.

SAN DIEGO INTERNATIONAL AIRPORT

General Audit Activities – QAIP (continued)

Required Disclosures - Fiscal Year 2026:

OCA Mandate and Strategy

- ✓ Adopted in May 2025
- ✓ Reviewed and disclosed in the Fiscal Year 2026 Annual Report

Disclosures of Nonconformance

- ✓ No instances noted

Management's Acceptance of Risk

- ✓ No items noted

Significant Errors or Omissions

- ✓ None noted in final engagement communications

Advisory Services and Safeguards

- ✓ Safeguards applied; no management decisions or functions performed

Organizational Independence

- ✓ No independence issues noted

Impairments to Independence or Objectivity

- ✓ No impairments noted
- ✓ No current or proposed roles with potential to impair independence noted

Resource Sufficiency

- ✓ Financial, human, and technological resources were sufficient

Coordination with Other Assurance Providers

- ✓ No significant coordination or reliance issues noted

SAN DIEGO INTERNATIONAL AIRPORT

Audit Spotlight – Contract Security Personnel Management

Audit Engagement #26010 - Report Issued June 15, 2026

Background

- Contracted security personnel serve as the primary on-site presence for non-TSA security functions.
- Global has provided contracted security services since November 2020.

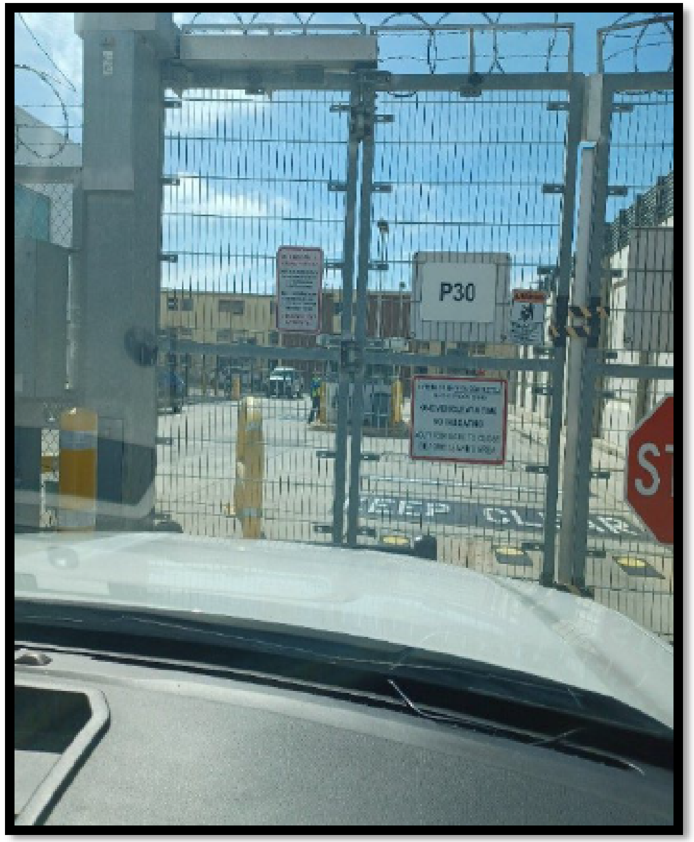
Objective

- Determine whether the Global Aviation Management Group, Inc. (Global) Agreement is administered appropriately.

Audit Period

- The Authority reimbursed Global approximately $9,500,000 for security services from January 2024 through January 2026.

Audit Spotlight – Contract Security Personnel Management



Conclusion

- ✓ The Agreement with Global was administered appropriately.
- ✓ Rates were correct and invoiced hours were supported by payroll and timekeeping records.
- ✓ Staffing levels, certifications, and required inspections complied with the Agreement.

Overall Engagement Rating

- ✓ Low Risk

Findings and Recommendations

- ✓ None identified; two immaterial errors totaling less than $500 will be refunded on a future invoice.

Fox Rent A Car – Audit to Advisory to Resolution

1 → 2 → 3 → 4 → 5

1. Audit Identified the Variance

- Rent A Car Companies (RAC) Audit found Fox's annual concession fees reported by their CPA varied by more than $30,000 from the OCAs calculation.

2. Advisory Engagement Launched

- Objective: Explain the difference between concessionable revenue calculated by the OCA and Fox's independent CPA.

3. Difference Identified

- OCA found one category of income, considered concessionable, that drove 99.4% of the variance.

4. Inconsistency Across Operators

- Operators were treating the same income differently

5. Management Action

- Management issued a letter to all RACs to clarify this revenue is considered non-concessionable.

Questions?

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 4

Audit Committee Report

Meeting Date: September 14, 2026

Subject:

Annual Review of the Charter of the Audit Committee

Recommendation:

Staff recommends that the Audit Committee accept the proposed revisions to the Charter and forward it to the Board with a recommendation for approval.

Background/Justification:

The Charter of the Audit Committee describes the Audit Committee's purpose, mandate, and authority, including oversight of the internal and external auditors, compliance and regulatory duties, and provides guidelines and procedures on how the Audit Committee conducts its business.

Board Resolution No. 2003-061 was adopted on October 2, 2003, and instituted the Charter of the Audit Committee. Subsequent revisions to the Charter were made to reflect changes in operating practices and to meet guidelines for best practices.

The Audit Committee reviews its Charter annually in accordance with best practices, the Office of the Chief Auditor's Quality Assurance and Improvement Program, and the requirements specified in the Audit Committee's Charter.

The last revision to the Charter of the Audit Committee was made in September 2025 and subsequently approved by Board Resolution No. 2025-0065 on October 1, 2025.

The annual review performed by staff this year identified recommended revisions to the Charter of the Audit Committee to incorporate updated language from the Institute of Internal Auditors related to oversight of the internal audit function, as well as other minor edits.

Attachment A provides a redlined version of the Charter, and Attachment B provides a clean version with all changes incorporated.

Fiscal Impact:

None

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:

Lee M. Parravano
Chief Auditor

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
CHARTER OF THE AUDIT COMMITTEE

ORGANIZATIONAL PRINCIPLES

Purpose

The purpose of the Audit Committee (Committee) is to provide structured, systematic oversight of the San Diego County Regional Airport Authority's (Authority) governance, risk management, and internal control practices. Public Utilities Code §170018 states that the Committee shall serve as a guardian of the public trust, acting independently, and charged with oversight responsibilities for reviewing the Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior, and regular attention to cashflows, capital expenditures, regulatory compliance, and operations. The Committee assists the Authority's Board of Directors (Board) and management by providing advice and guidance related to the Authority's:

- Values and ethics;
- Governance structure;
- Risk Management;
- Internal control framework;
- Oversight of the Office of the Chief Auditor, external auditors, and other providers of assurance; and
- Financial statements and public accountability reporting.

The Committee reviews each of the items noted above and provides the Authority Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Mandate

The mandate for the establishment of the Committee is contained in Public Utilities Code §§170013 and 170018.

Authority

The Charter of the Audit Committee sets out the authority of the Committee to carry out the responsibilities established for it by the Authority Board.

In discharging its responsibilities, the Committee shall have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee shall also have unrestricted access to records, data, and reports. The Committee shall interact with these employees and management through the Chief Auditor, the President/CEO, or a designee.

The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Authority's management and staff should cooperate with Committee requests. Committee requests shall be directed to the Chief Auditor, the President/CEO, or a designee.

The Committee may engage independent advisor(s), subject to Authority Board approval, that it deems necessary to execute its responsibilities and shall be provided the necessary resources for such purposes.

The Committee is empowered to:

- Recommend to the Authority Board or the appropriate Board committee the appointment and compensation of the external auditor.
- Oversee all audit and non-audit services performed by internal and external auditors.
- Review any disagreements between management and the external auditor regarding financial reporting and other matters.
- Review all auditing and non-auditing services performed by auditors.

Composition of the Committee

The composition of the Committee is specified in Public Utilities Code §§170013 and 170018. Public Utilities Code §170013 states that the Authority Board shall appoint a seven-member Committee consisting of four members of the Authority Board and the three public members appointed pursuant to Public Utilities Code §170018. Each member of the Committee shall be a voting member. The Authority Board shall select the three public members from among the following categories of persons, with no more than one appointee from each category at any one time:

- A professional with experience in the field of public finance and budgeting;
- An architect or civil engineer licensed to practice in this state;
- A professional with experience in the field of real estate or land economics;
- A person with experience in managing construction of large-scale public works projects;
- A person with public or private sector executive level decision making experience;
- A person who resides within the airport influence area of the San Diego International Airport; and
- A person with experience in environmental justice as it pertains to land use.

The Authority Board may appoint other persons to serve as nonvoting, non-compensated, *ex officio* members on the Committee. In appointing the public members to the Committee, the Authority Board shall provide for selection policies, appointment procedures, conflict-of-interest policies, length-of-term policies, and policies for providing compensation, if any.

The Chair and Vice-Chair of the Committee

The Authority Board Chair shall designate the Chair and Vice-Chair of the Committee.

Terms of Office

The public members shall be appointed by the Authority Board for staggered three-year terms. Public members may serve a maximum of two full terms.

Quorum and Voting

Four (4) Committee members are required to be present to have a quorum. Pursuant to Public Utilities Code §170018, an affirmative vote by at least five members of the Committee shall be required for approval of the annual internal and external audits, including performance monitoring, the auditor's annual Audit Plan, and actions recommending or approving debt financing for the Authority.

OPERATIONAL PRINCIPLES

Committee Values

The Committee shall conduct itself in accordance with the code of values and ethics of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2. The Committee expects that management and staff of the Authority shall adhere to these requirements.

Communications

The Committee expects that all communication with management and staff of the Authority as well as with any external assurance providers shall be direct, open, and complete.

Work Plan

The Committee C~~c~~hair shall collaborate with senior management and the Chief Auditor to establish a work plan to ensure that the responsibilities of the Committee are scheduled and carried out.

Meeting Agenda

The Committee C~~c~~hair shall establish agendas for Committee meetings in consultation with Committee members, management, and the Chief Auditor.

Information Requirements

The Committee shall establish and communicate its requirements for information, including the nature, extent, and timing of information. Information related to or to be discussed at a Committee meeting shall be provided to the Committee at least one week prior to the Committee meeting.

Executive Sessions

The Committee may schedule and hold, if necessary, private sessions with the Chief Auditor, external assurance providers, and others who the Committee may deem appropriate. These Executive Sessions shall be subject to the Ralph M. Brown Act.

Preparation and Attendance

Committee members are obligated to prepare for and participate in Committee meetings.

Conflict(s) of Interest

Committee members shall adhere to the Authority's Code of E~~e~~thics and conduct as outlined in Authority Code Article 2. Additionally, it is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee as outlined in Authority Code Section 2.30. If there is any question as to whether Committee member(s) should recuse themselves from a vote, the Committee member should consult with the General Counsel.

Orientation and Training

Committee members shall receive orientation training on the purpose and mandate of the Committee and the Authority's objectives. A process of continuing education shall be established.

OPERATIONAL PROCEDURES AND RESPONSIBILITIES

Meetings

The Committee shall meet as often as it determines is necessary, but not less frequently than four times per year. All meetings shall be subject to the Ralph M. Brown Act.

Minutes

Minutes and other relevant documentation of all meetings held shall be prepared in accordance with applicable law and/or other applicable requirements.

Required Attendance

The Chief Auditor or the Chief Auditor's designee is required to attend Committee meetings. Additionally, the Committee may require any officer or employee of the Authority, including the external auditor, to attend any meeting of the Committee, or to meet with any members of, or consultants to, the Committee.

Remuneration of Committee Members

Payment rates and allowances for Committee members' time and/or services are established formally in Authority Policy 1.20.

Responsibilities

Pursuant to Public Utilities Code §170018 the Committee shall, at a minimum:

(1) Regularly review the Authority's accounting, audit, and performance monitoring processes;

(2) At the time of contract renewal, recommend to the appropriate committee and the Authority Board its nomination for an external auditor and the compensation of that auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence;

(3) Advise the appropriate committee and the Authority Board regarding the selection of the auditor;

(4) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, authority policies and procedures;

(5) Be responsible for overseeing the annual audit by the external auditors and any internal audits; and

(6) Make recommendations to the full Authority Board regarding paragraphs (1) to (5), inclusive.

Values and Ethics

To obtain reasonable assurance with respect to the Authority's values and ethics practices, the Committee shall:

- Review and assess the policies, procedures, and practices established by the Authority to monitor compliance with the code of conduct and ethical policies by all employees of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2;
- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all employees of the Authority; and
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct.

ORGANIZATIONAL GOVERNANCE

To obtain reasonable assurance with respect to the Authority's governance process, the Committee shall review and provide advice on the governance process established and maintained within the organization and the procedures to ensure that they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to the Authority's risk management, the Committee shall:

- Periodically review the Authority's risk profile;
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by management and the Authority Board;
- Provide oversight of the adequacy of the combined assurance being provided; and
- Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the Authority's procedures for the prevention and detection of fraud, the Committee shall:

- Oversee management's arrangements for the prevention and deterrence of fraud;
- Inquire with management and internal and external auditors to ensure the Authority has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected; and
- The Committee shall oversee a process for the confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters; as maintained and carried out through the Office of the Chief Auditor.

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the Authority's controls in responding to risks within the Authority's governance, operations, and information systems, the Committee shall:

- Consider the effectiveness of the Authority's control framework, including information technology security and control;
- Review and provide advice on the controls within the Authority; and
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to management and the Authority Board.

Compliance

The Committee shall:

- Review the effectiveness of the systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance; and
- Review the observations and conclusions of internal and external auditors and the findings of regulatory agencies.

OVERSIGHT OF THE INTERNAL AUDIT FUNCTION

Office of the Chief Auditor

To obtain reasonable assurance with respect to work of the Office of the Chief Auditor and to establish, maintain, and ensure that the Office of the Chief Auditor has sufficient authority to fulfill its duties, the Committee shall provide the following oversight functions:

~~Office of the Chief Auditor Charter and Resources~~General

- Discuss with the Chief Auditor and/or executive management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Office of the Chief Auditor.
- Ensure the Chief Auditor has unrestricted access to and direct communication with the Audit Committee/Board.
- Discuss with the Chief Auditor other topics that should be included in the Charter for the Office of the Chief Auditor.
- Participate in periodic discussions with the Chief Auditor and executive management about the "essential conditions" described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review, and forward to the Authority Board for approval, the Charter for the Office of the Chief Auditor at least annually which includes the Office of the Chief Auditor's mandate, and the scope~~,~~ and types of internal audit services, with the Chief Auditor to consider changes affecting the Authority. ~~The Charter should be reviewed to consider~~Such changes could include ~~changes affecting the Authority, such as~~the employment of a new Chief Auditor or changes in the type, severity, and interdependencies of risks to the Authority.
- Provide input to the Office of the Chief Auditor human resources administration and ~~Review the proposed~~ budgets ~~of the Office of the Chief Auditor~~.
- Review the Office of the Chief Auditor's expenses.
- Make appropriate inquiries ~~of~~with the Chief Auditor to determine whether scope or resource limitations are inappropriate.
- ~~Advise the Authority Board about increases and decreases to the requested resources to achieve the internal Audit Plan and evaluate whether any additional resources are needed permanently or should be provided through outsourcing.~~

- ~~Review the Office of the Chief Auditor's expenses.~~

Chief Auditor Performance

- Advise the Authority Board regarding the qualifications and recruitment, appointment, replacement, reassignment, or dismissal of the Chief Auditor, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Provide input to the Authority Board or the Executive Personnel and Compensation Committee related to evaluating the performance of the Chief Auditor; and
- Recommend, as needed, to the Authority Board or the Executive Personnel and Compensation Committee the appropriate compensation of the Chief Auditor.

Internal Audit Strategy and Plan

- ~~Ensure the Chief Auditor has unrestricted access to and communicates and interacts directly with the Audit Committee.~~
- Review and provide input on the Office of the Chief Auditor's strategic plan, objectives, performance measures, and outcomes;
- ~~Review and a~~Approve the risk-based proposed Audit Plan~~ and make recommendations concerning internal audit special request audits, investigations, and the internal audit resources necessary to achieve the Audit Plan; and~~
- Review the Office of the Chief Auditor's performance relative to its Audit Plan.

Internal Audit Engagements and Follow Up

- Review internal audit reports and other communications~~ to management~~;
- Review and track management's action plans to address the results of audits performed by the Office of the Chief Auditor;
- Review and advise management on the results of any special investigations;
- ~~Inquire of the Chief Auditor, or others, whether any internal audit engagements or non-audit engagements have been completed, but not reported to the Committee; if so, inquire whether any matters of significance arose from such work; and~~
- Inquire of the Chief Auditor, or others, whether any evidence of fraud has been identified during internal audits or advisory engagements and evaluate what additional actions, if any, should be taken.

Conformance with Global Internal Audit Standards

- Ensure a quality assurance and improvement program has been established and review the results annually;
- Ensure that the Office of the Chief Auditor has an external quality assurance review performed every five years;
- Review the results of the independent external quality assurance review and monitor the implementation of the Office of the Chief Auditor's action plans to address any recommendations; and

- Advise the Authority Board about any recommendations for the continuous improvement of the Office of the Chief Auditor.

OVERSIGHT OF THE EXTERNAL AUDIT FUNCTION AND OTHER EXTERNAL ASSURANCE PROVIDERS

To obtain reasonable assurance with respect to the work of the external assurance providers, the Committee shall meet with the external assurance providers during the planning phase of the audit engagement, the presentation of the audited financial statements, and the discussion of the results of audit engagements and recommendations for management.

The Committee shall:

- Advise the Authority Board on the engagement of each external auditor;
- Review the external auditors' proposed audit team composition, audit scope and approach, including coordination of audit efforts with the Office of the Chief Auditor;
- Provide input with regard to audit engagement fees and terms, as well as all non-audit engagements with the external auditor;
- Review the performance of the external auditors;
- Inquire with the external auditors about their relationships with the Authority, including non-audit services provided to the Authority. The Committee is responsible for discussing the information with the external auditors to review and confirm their independence;
- Hold regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters. These meetings are subject to the Ralph M. Brown Act;
- ~~Advise the Authority Board when any significant development or action occurs with respect to the external auditor, or when it is determined it is necessary to do so to protect and preserve the interests of the Authority;~~
- Monitor management's progress on action plans;
- Consider at least every three (3) years whether there should be a rotation of the lead audit partner or the audit firm itself.

To obtain reasonable assurance that management has acted on the results of internal and external audit engagements, the Committee shall regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audits.

Financial Statements and Public Accountability Reporting

The Committee is responsible for the oversight of the independent audit of the Authority's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory, compliance, and ethics.

The Committee shall:

- Review the scope of audits, including obtaining assurances from the external auditor that the specific audit was conducted in a manner consistent with generally accepted ~~accounting~~ auditing standards;
- Review with management and the external auditors the results of audit engagements, including difficulties encountered;
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional regulatory pronouncements, and understand their impact on the financial statements;
- Review the annual financial statements, Annual Comprehensive Financial Report (ACFR), and other reports issued and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- Review other financial reports, as necessary, issued by the Authority in accordance with generally accepted accounting and/or audit standards and the corresponding external auditor's reports; and
- Review matters required to be communicated by the external auditor to the Committee under generally accepted auditing standards.

OTHER DUTIES AND RESPONSIBILITIES

In addition, the Committee shall:

- Perform other activities related to this Charter as requested by the Authority Board;
- Institute special investigations as needed;
- Regularly evaluate its performance and that of its individual members; and
- Review, at least annually, its Charter and recommend any proposed changes to the Authority Board for approval.

REPORTING REQUIREMENTS

The Committee shall report to the Authority Board annually, summarizing the Committee's activities and recommendations. The report may be delivered during a Committee meeting attended by the Authority Board or during a regularly scheduled meeting of the Authority Board.

The report should include:

- A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
- A summary of management's progress in addressing the results of internal and external audit reports;
- Details of meetings, including the number of meetings held during the relevant period; and

- Information required, if any, by new or emerging governance developments.

- The Committee may report to the Authority Board at any time regarding any other matter it deems of sufficient importance.

[Amended by Resolution No. 2026-XXXX dated October 1, 2026]
[Amended by Resolution No. 2025-0065 dated October 2, 2025]
[Amended by Resolution No. 2024-0082 dated October 3, 2024]
[Amended by Resolution No. 2021-0108 dated October 7, 2021]
[Amended by Resolution No. 2020-0097 dated October 1, 2020]
[Amended by Resolution No. 2018-0116 dated October 4, 2018]
[Amended by Resolution No. 2010-0023 dated March 4, 2010]
[Amended by Resolution No. 2006-0080 dated July 6, 2006]
[Adopted by Resolution No. 2003-061 dated October 2, 2003]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
CHARTER OF THE AUDIT COMMITTEE

ORGANIZATIONAL PRINCIPLES

Purpose

The purpose of the Audit Committee (Committee) is to provide structured, systematic oversight of the San Diego County Regional Airport Authority's (Authority) governance, risk management, and internal control practices. Public Utilities Code §170018 states that the Committee shall serve as a guardian of the public trust, acting independently, and charged with oversight responsibilities for reviewing the Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior, and regular attention to cashflows, capital expenditures, regulatory compliance, and operations. The Committee assists the Authority's Board of Directors (Board) and management by providing advice and guidance related to the Authority's:

- Values and ethics;
- Governance structure;
- Risk Management;
- Internal control framework;
- Oversight of the Office of the Chief Auditor, external auditors, and other providers of assurance; and
- Financial statements and public accountability reporting.

The Committee reviews each of the items noted above and provides the Authority Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Mandate

The mandate for the establishment of the Committee is contained in Public Utilities Code §§170013 and 170018.

Authority

The Charter of the Audit Committee sets out the authority of the Committee to carry out the responsibilities established for it by the Authority Board.

In discharging its responsibilities, the Committee shall have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee shall also have unrestricted access to records, data, and reports. The Committee shall interact with these employees and management through the Chief Auditor, the President/CEO, or a designee.

The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Authority's management and staff should cooperate with Committee requests. Committee requests shall be directed to the Chief Auditor, the President/CEO, or a designee.

The Committee may engage independent advisor(s), subject to Authority Board approval, that it deems necessary to execute its responsibilities and shall be provided the necessary resources for such purposes.

The Committee is empowered to:

- Recommend to the Authority Board or the appropriate Board committee the appointment and compensation of the external auditor.
- Oversee all audit and non-audit services performed by internal and external auditors.
- Review any disagreements between management and the external auditor regarding financial reporting and other matters.
- Review all auditing and non-auditing services performed by auditors.

Composition of the Committee

The composition of the Committee is specified in Public Utilities Code §§170013 and 170018. Public Utilities Code §170013 states that the Authority Board shall appoint a seven-member Committee consisting of four members of the Authority Board and the three public members appointed pursuant to Public Utilities Code §170018. Each member of the Committee shall be a voting member. The Authority Board shall select the three public members from among the following categories of persons, with no more than one appointee from each category at any one time:

- A professional with experience in the field of public finance and budgeting;
- An architect or civil engineer licensed to practice in this state;
- A professional with experience in the field of real estate or land economics;
- A person with experience in managing construction of large-scale public works projects;
- A person with public or private sector executive level decision making experience;
- A person who resides within the airport influence area of the San Diego International Airport; and
- A person with experience in environmental justice as it pertains to land use.

The Authority Board may appoint other persons to serve as nonvoting, non-compensated, *ex officio* members on the Committee. In appointing the public members to the Committee, the Authority Board shall provide for selection policies, appointment procedures, conflict-of-interest policies, length-of-term policies, and policies for providing compensation, if any.

The Chair and Vice-Chair of the Committee

The Authority Board Chair shall designate the Chair and Vice-Chair of the Committee.

Terms of Office

The public members shall be appointed by the Authority Board for staggered three-year terms. Public members may serve a maximum of two full terms.

Quorum and Voting

Four (4) Committee members are required to be present to have a quorum. Pursuant to Public Utilities Code §170018, an affirmative vote by at least five members of the Committee shall be required for approval of the annual internal and external audits, including performance monitoring, the auditor's annual Audit Plan, and actions recommending or approving debt financing for the Authority.

OPERATIONAL PRINCIPLES

Committee Values

The Committee shall conduct itself in accordance with the code of values and ethics of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2. The Committee expects that management and staff of the Authority shall adhere to these requirements.

Communications

The Committee expects that all communication with management and staff of the Authority as well as with any external assurance providers shall be direct, open, and complete.

Work Plan

The Committee Chair shall collaborate with senior management and the Chief Auditor to establish a work plan to ensure that the responsibilities of the Committee are scheduled and carried out.

Meeting Agenda

The Committee Chair shall establish agendas for Committee meetings in consultation with Committee members, management, and the Chief Auditor.

Information Requirements

The Committee shall establish and communicate its requirements for information, including the nature, extent, and timing of information. Information related to or to be discussed at a Committee meeting shall be provided to the Committee at least one week prior to the Committee meeting.

Executive Sessions

The Committee may schedule and hold, if necessary, private sessions with the Chief Auditor, external assurance providers, and others who the Committee may deem appropriate. These Executive Sessions shall be subject to the Ralph M. Brown Act.

Preparation and Attendance

Committee members are obligated to prepare for and participate in Committee meetings.

Conflict(s) of Interest

Committee members shall adhere to the Authority's Code of Ethics and conduct as outlined in Authority Code Article 2. Additionally, it is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee as outlined in Authority Code Section 2.30. If there is any question as to whether Committee member(s) should recuse themselves from a vote, the Committee member should consult with the General Counsel.

Orientation and Training

Committee members shall receive orientation training on the purpose and mandate of the Committee and the Authority's objectives. A process of continuing education shall be established.

OPERATIONAL PROCEDURES AND RESPONSIBILITIES

Meetings

The Committee shall meet as often as it determines is necessary, but not less frequently than four times per year. All meetings shall be subject to the Ralph M. Brown Act.

Minutes

Minutes and other relevant documentation of all meetings held shall be prepared in accordance with applicable law and/or other applicable requirements.

Required Attendance

The Chief Auditor or the Chief Auditor's designee is required to attend Committee meetings. Additionally, the Committee may require any officer or employee of the Authority, including the external auditor, to attend any meeting of the Committee, or to meet with any members of, or consultants to, the Committee.

Remuneration of Committee Members

Payment rates and allowances for Committee members' time and/or services are established formally in Authority Policy 1.20.

Responsibilities

Pursuant to Public Utilities Code §170018 the Committee shall, at a minimum:

(1) Regularly review the Authority's accounting, audit, and performance monitoring processes;

(2) At the time of contract renewal, recommend to the appropriate committee and the Authority Board its nomination for an external auditor and the compensation of that auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence;

(3) Advise the appropriate committee and the Authority Board regarding the selection of the auditor;

(4) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, authority policies and procedures;

(5) Be responsible for overseeing the annual audit by the external auditors and any internal audits; and

(6) Make recommendations to the full Authority Board regarding paragraphs (1) to (5), inclusive.

Values and Ethics

To obtain reasonable assurance with respect to the Authority's values and ethics practices, the Committee shall:

- Review and assess the policies, procedures, and practices established by the Authority to monitor compliance with the code of conduct and ethical policies by all employees of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2;
- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all employees of the Authority; and
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct.

ORGANIZATIONAL GOVERNANCE

To obtain reasonable assurance with respect to the Authority's governance process, the Committee shall review and provide advice on the governance process established and maintained within the organization and the procedures to ensure that they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to the Authority's risk management, the Committee shall:

- Periodically review the Authority's risk profile;
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by management and the Authority Board;
- Provide oversight of the adequacy of the combined assurance being provided; and
- Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the Authority's procedures for the prevention and detection of fraud, the Committee shall:

- Oversee management's arrangements for the prevention and deterrence of fraud;
- Inquire with management and internal and external auditors to ensure the Authority has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected; and
- The Committee shall oversee a process for the confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters; as maintained and carried out through the Office of the Chief Auditor.

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the Authority's controls in responding to risks within the Authority's governance, operations, and information systems, the Committee shall:

- Consider the effectiveness of the Authority's control framework, including information technology security and control;
- Review and provide advice on the controls within the Authority; and
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to management and the Authority Board.

Compliance

The Committee shall:

- Review the effectiveness of the systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance; and
- Review the observations and conclusions of internal and external auditors and the findings of regulatory agencies.

OVERSIGHT OF THE INTERNAL AUDIT FUNCTION

Office of the Chief Auditor

To obtain reasonable assurance with respect to work of the Office of the Chief Auditor and to establish, maintain, and ensure that the Office of the Chief Auditor has sufficient authority to fulfill its duties, the Committee shall provide the following oversight functions:

General

- Discuss with the Chief Auditor and/or executive management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Office of the Chief Auditor.
- Ensure the Chief Auditor has unrestricted access to and direct communication with the Audit Committee/Board.
- Discuss with the Chief Auditor other topics that should be included in the Charter for the Office of the Chief Auditor.
- Participate in periodic discussions with the Chief Auditor and executive management about the "essential conditions" described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review, and forward to the Authority Board for approval, the Charter for the Office of the Chief Auditor at least annually which includes the Office of the Chief Auditor's mandate, and the scope and types of internal audit services, with the Chief Auditor to consider changes affecting the Authority. Such changes could include the employment of a new Chief Auditor or changes in the type, severity, and interdependencies of risks to the Authority.
- Provide input to the Office of the Chief Auditor human resources administration and budgets.
- Review the Office of the Chief Auditor's expenses.
- Make appropriate inquiries with the Chief Auditor to determine whether scope or resource limitations are inappropriate.

Chief Auditor Performance

- Advise the Authority Board regarding the qualifications and recruitment, appointment, replacement, reassignment, or dismissal of the Chief Auditor, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.

- Provide input to the Authority Board or the Executive Personnel and Compensation Committee related to evaluating the performance of the Chief Auditor; and
- Recommend, as needed, to the Authority Board or the Executive Personnel and Compensation Committee the appropriate compensation of the Chief Auditor.

Internal Audit Strategy and Plan

- Review and provide input on the Office of the Chief Auditor's strategic plan, objectives, performance measures, and outcomes;
- Approve the risk-based proposed Audit Plan
- Review the Office of the Chief Auditor's performance relative to its Audit Plan.

Internal Audit Engagements and Follow Up

- Review internal audit reports and other communications;
- Review and track management's action plans to address the results of audits performed by the Office of the Chief Auditor;
- Review and advise management on the results of any special investigations;
- Inquire of the Chief Auditor, or others, whether any evidence of fraud has been identified during internal audits or advisory engagements and evaluate what additional actions, if any, should be taken.

Conformance with Global Internal Audit Standards

- Ensure a quality assurance and improvement program has been established and review the results annually;
- Ensure that the Office of the Chief Auditor has an external quality assurance review performed every five years;
- Review the results of the independent external quality assurance review and monitor the implementation of the Office of the Chief Auditor's action plans to address any recommendations; and
- Advise the Authority Board about any recommendations for the continuous improvement of the Office of the Chief Auditor.

OVERSIGHT OF THE EXTERNAL AUDIT FUNCTION AND OTHER EXTERNAL ASSURANCE PROVIDERS

To obtain reasonable assurance with respect to the work of the external assurance providers, the Committee shall meet with the external assurance providers during the planning phase of the audit engagement, the presentation of the audited financial statements, and the discussion of the results of audit engagements and recommendations for management.

The Committee shall:

- Advise the Authority Board on the engagement of each external auditor;
- Review the external auditors' proposed audit team composition, audit scope and approach, including coordination of audit efforts with the Office of the Chief Auditor;
- Provide input with regard to audit engagement fees and terms, as well as all non-audit engagements with the external auditor;
- Review the performance of the external auditors;
- Inquire with the external auditors about their relationships with the Authority, including non-audit services provided to the Authority. The Committee is responsible for discussing the information with the external auditors to review and confirm their independence;
- Hold regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters. These meetings are subject to the Ralph M. Brown Act;
- Monitor management's progress on action plans;
- Consider at least every three (3) years whether there should be a rotation of the lead audit partner or the audit firm itself.

To obtain reasonable assurance that management has acted on the results of internal and external audit engagements, the Committee shall regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audits.

Financial Statements and Public Accountability Reporting

The Committee is responsible for the oversight of the independent audit of the Authority's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory, compliance, and ethics.

The Committee shall:

- Review the scope of audits, including obtaining assurances from the external auditor that the specific audit was conducted in a manner consistent with generally accepted auditing standards;
- Review with management and the external auditors the results of audit engagements, including difficulties encountered;
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional regulatory pronouncements, and understand their impact on the financial statements;
- Review the annual financial statements, Annual Comprehensive Financial Report (ACFR), and other reports issued and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;

- Review other financial reports, as necessary, issued by the Authority in accordance with generally accepted accounting and/or audit standards and the corresponding external auditor's reports; and
- Review matters required to be communicated by the external auditor to the Committee under generally accepted auditing standards.

OTHER DUTIES AND RESPONSIBILITIES

In addition, the Committee shall:

- Perform other activities related to this Charter as requested by the Authority Board;
- Institute special investigations as needed;
- Regularly evaluate its performance and that of its individual members; and
- Review, at least annually, its Charter and recommend any proposed changes to the Authority Board for approval.

REPORTING REQUIREMENTS

The Committee shall report to the Authority Board annually, summarizing the Committee's activities and recommendations. The report may be delivered during a Committee meeting attended by the Authority Board or during a regularly scheduled meeting of the Authority Board.

The report should include:

- A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
- A summary of management's progress in addressing the results of internal and external audit reports;
- Details of meetings, including the number of meetings held during the relevant period; and
- Information required, if any, by new or emerging governance developments.
- The Committee may report to the Authority Board at any time regarding any other matter it deems of sufficient importance.

[Amended by Resolution No. 2026-XXXX dated October 1, 2026]
[Amended by Resolution No. 2025-0065 dated October 2, 2025]
[Amended by Resolution No. 2024-0082 dated October 3, 2024]
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[Amended by Resolution No. 2020-0097 dated October 1, 2020]
[Amended by Resolution No. 2018-0116 dated October 4, 2018]
[Amended by Resolution No. 2010-0023 dated March 4, 2010]
[Amended by Resolution No. 2006-0080 dated July 6, 2006]
[Adopted by Resolution No. 2003-061 dated October 2, 2003]

Item 4

Annual Review of the Charter of the Audit Committee

Audit Committee Meeting September 14, 2026

Annual Review of the Charter of the Audit Committee

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
CHARTER OF THE AUDIT COMMITTEE

ORGANIZATIONAL PRINCIPLES

Purpose

The purpose of the Audit Committee (Committee) is to provide structured, systematic oversight of the San Diego County Regional Airport Authority's (Authority) governance, risk management, and internal control practices. Public Utilities Code §170018 states that the Committee shall serve as a guardian of the public trust, acting independently, and charged with oversight responsibilities for reviewing the Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior, and regular attention to cashflows, capital expenditures, regulatory compliance, and operations. The Committee assists the Authority's Board of Directors (Board) and management by providing advice and guidance related to the Authority's:

- Values and ethics;
- Governance structure;
- Risk Management;
- Internal control framework;
- Oversight of the Office of the Chief Auditor, external auditors, and other providers of assurance; and
- Financial statements and public accountability reporting.

The Committee reviews each of the items noted above and provides the Authority Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Mandate

The mandate for the establishment of the Committee is contained in Public Utilities Code §§170013 and 170018.

Authority

The Charter of the Audit Committee sets out the authority of the Committee to carry out the responsibilities established for it by the Authority Board.

Annual Review Required

Required Review

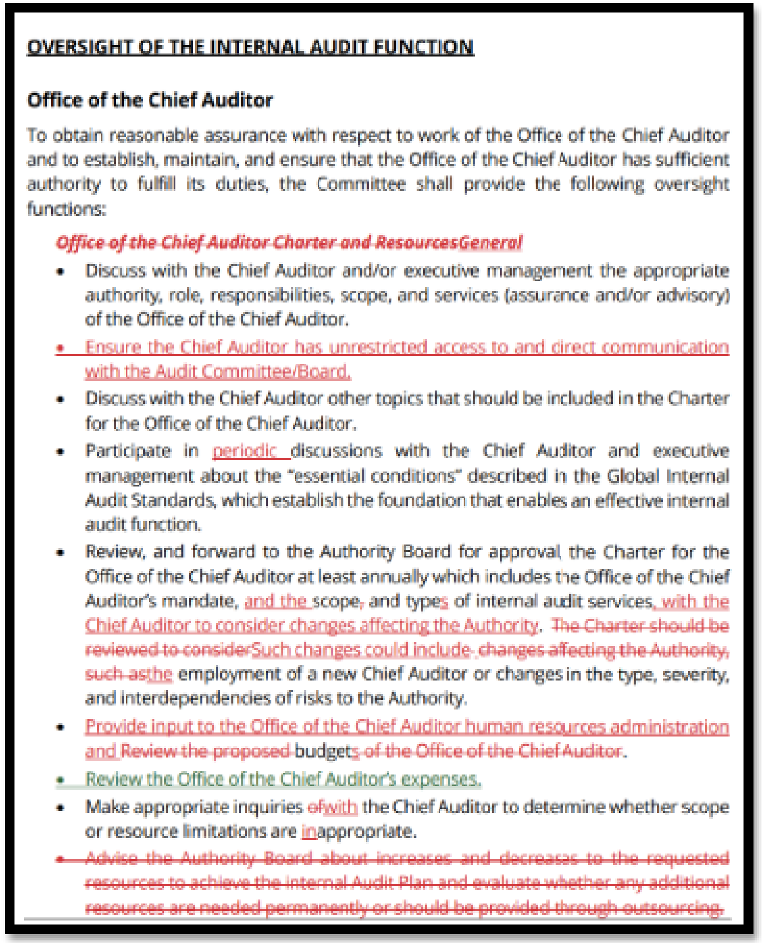
- Charter Requirement
- Part of OCA's Quality Assurance and Improvement Program
- Best Practice

Compare Charter of the Audit Committee to Model Charter

Review for Other Changes

SAN DIEGO INTERNATIONAL AIRPORT

Annual Review of the Charter of the Audit Committee



OVERSIGHT OF THE INTERNAL AUDIT FUNCTION

Office of the Chief Auditor

To obtain reasonable assurance with respect to work of the Office of the Chief Auditor and to establish, maintain, and ensure that the Office of the Chief Auditor has sufficient authority to fulfill its duties, the Committee shall provide the following oversight functions:

~~Office of the Chief Auditor Charter and Resources~~General

- Discuss with the Chief Auditor and/or executive management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Office of the Chief Auditor.
- Ensure the Chief Auditor has unrestricted access to and direct communication with the Audit Committee/Board.
- Discuss with the Chief Auditor other topics that should be included in the Charter for the Office of the Chief Auditor.
- Participate in periodic discussions with the Chief Auditor and executive management about the "essential conditions" described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review, and forward to the Authority Board for approval, the Charter for the Office of the Chief Auditor at least annually which includes the Office of the Chief Auditor's mandate, and the scope~~,~~ and types of internal audit services, with the Chief Auditor to consider changes affecting the Authority. ~~The Charter should be reviewed to consider~~Such changes could include ~~changes affecting the Authority, such as~~the employment of a new Chief Auditor or changes in the type, severity, and interdependencies of risks to the Authority.
- Provide input to the Office of the Chief Auditor human resources administration and ~~Review the proposed~~ budgets~~ of the Office of the Chief Auditor~~.
- Review the Office of the Chief Auditor's expenses.
- Make appropriate inquiries ~~of~~with the Chief Auditor to determine whether scope or resource limitations are inappropriate.
- ~~Advise the Authority Board about increases and decreases to the requested resources to achieve the internal Audit Plan and evaluate whether any additional resources are needed permanently or should be provided through outsourcing.~~

What Changed This Year

Updated Institute of Internal Auditors (IIA) language, plus minor edits.

IIA Language

- Incorporate updated Institute of Internal Auditors (IIA) language on oversight of the internal audit function
- Align the Charter with the Global Internal Audit Standards and the Audit Committee's "essential conditions"

Minor Edits

- Wording and consistency clean-ups throughout

Questions?

SAN
SAN DIEGO
INTERNATIONAL AIRPORT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 5

Audit Committee Report

Meeting Date: September 14, 2026

Subject:

Annual Review of the Charter for the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee accept the proposed revisions to the Charter and forward it to the Board with a recommendation for approval.

Background/Justification:

The Charter for the Office of the Chief Auditor establishes the purpose, authority, and responsibilities of the Office of the Chief Auditor (OCA). The Charter was first adopted on October 2, 2003, by Board Resolution No. 2003-062.

The Charter for the Office of the Chief Auditor is reviewed annually in accordance with best practices, the OCA's Quality Assurance and Improvement Program, and requirements included in the Audit Committee Charter and the Charter for the OCA.

The most recent revision to the Charter for the Office of the Chief Auditor was approved by Board Resolution No. 2025-0066 on October 2, 2025.

Staff's annual review identified additional revisions needed to reflect further updates to current Institute of Internal Auditors' guidance and terminology. The proposed changes are incorporated throughout the Charter, with substantive updates to the purpose, mandate, authority, independence, objectivity, Chief Auditor responsibilities, reporting and communication requirements, quality assurance provisions, and scope of internal audit services.

Attachment A provides a redlined version of the Charter, and Attachment B provides a clean version with all changes incorporated.

Fiscal Impact:

None

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:

Lee M. Parravano
Chief Auditor

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

Purpose

The purpose of the Office of the Chief Auditor is to strengthen the San Diego County Regional Airport Authority's (Authority) ability to create, protect, and sustain value by providing the Board of Directors (Board), Audit Committee, and executive management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Office of the Chief Auditor enhances the Authority's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Office of the Chief Auditor is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditor's' (IIA) Global Internal Audit Standards, which are set in the public interest.
- The Office of the Chief Auditor is independently positioned with direct accountability to the Board and Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The Office of the Chief Auditor will adhere to the mandatory elements of the IIA's International Professional Practices Framework, which are the Global Internal Audit Standards (Standards) and Topical Requirements. The Chief Auditor will report periodically to the Authority's Audit Committee/Board and executive management regarding the Office of the Chief Auditor's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

The Chief Auditor shall be accountable to the Board under Public Utilities Code §170026, and pursuant to the Chief Auditor's employment agreement. The Office of the Chief Auditor assists the Audit Committee in discharging the duties described in Public Utilities Code §170018. The Office of the Chief Auditor also assists executive management in achieving Authority objectives. To assist the Audit Committee/Board and executive management, the Office of the Chief Auditor will perform assurance and advisory services on Authority activities. Services include, but are not limited to, reviews of internal controls, operating effectiveness, operating efficiencies, ethical behavior, expenditures, and compliance with the Authority's Codes, Policies, Standards, and procedures. The sections below provide further details on the mandate of the Office of the Chief Auditor.

Authority

The Office of the Chief Auditor's authority is created by its direct reporting relationship to the Board through the Audit Committee. Such authority allows for unrestricted access to the Board and Audit Committee and to all activities across the Authority (for example, records, personnel, and physical property). This positioning gives the Chief Auditor the organizational authority and status to bring matters directly to executive management and escalate matters to the Audit Committee/Board, when necessary, without interference.~~.~~

The Audit Committee/Board authorizes the Office of the Chief Auditor to:

- Have full and unrestricted access to all functions, systems, data, records, other information, personnel, and physical properties~~y, and personnel~~ pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish objectives.
- Obtain assistance from the necessary personnel of the Authority and other specialized services from within or outside the Authority to complete internal audit services. ~~Assistance from other departments within the Authority will be coordinated with executive management.~~

Independence, Organizational Position, and Reporting Relationships

The Chief Auditor will be positioned at a level in the Authority that enables internal audit services and responsibilities to be performed without interference from management (See "Mandate" section), thereby establishing the independence of the Office of the Chief Auditor. ~~(See "Mandate" section.)~~ The Chief Auditor will report administratively and functionally to the Audit Committee/Board. ~~This positioning provides the organizational authority and status to bring matters directly to executive~~

~~management and escalate matters to the Audit Committee/Board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.~~

Independence supports the Office of the Chief Auditor's ability to maintain objectivity. The Chief Auditor will confirm to the Audit Committee/Board, at least annually, the organizational independence of the Office of the Chief Auditor. ~~If the governance structure does not support organizational independence, the Chief Auditor will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.~~ The Chief Auditor will disclose to the Audit Committee/Board any interference internal auditors encounter related to the scope, performance, or communication of internal audit ~~work~~ services and results. The disclosure will include communicating the implications of such interference on the Office of the Chief Auditor's effectiveness and ability to fulfill its mandate.

Changes to Mandate of the Office of the Chief Auditor and~~or~~ Charter

Circumstances may justify a follow-up discussion between the Chief Auditor, Board or Audit Committee, and executive management on the Office of the Chief Auditor's mandate or other aspects of the Charter for the Office of the Chief Auditor. Such circumstances may include, but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the ~~organization~~Authority.
- Significant changes in the Chief Auditor, Board or Audit Committee, and/or executive management.
- Significant changes to the access, roles, or responsibilities of the Chief Auditor or Office of the Chief Auditor.
- Significant changes to the Authority's strategies, objectives, risk profile, or the environment in which the Authority operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Chief Auditor Roles and Responsibilities

Ethics and Professionalism

The Chief Auditor will ensure that internal auditors, including external service providers providing internal audit services:

- Conform with the ~~Global Internal Audit~~ Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Authority and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture at the Authority.
- Report Authority behavior that is inconsistent with the Authority's ethical expectations, as described in applicable codes, policies, and procedures.

Objectivity

The Chief Auditor will ensure that the Office of the Chief Auditor remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Auditor determines that objectivity may be impaired, in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

When performing all aspects of internal audit services, i~~I~~nternal auditors will ~~maintain~~ apply an impartial and ~~an~~ unbiased mental attitude that allows them to make professional judgments based on balanced assessments of all relevant circumstances, fulfill their responsibilities, and achieve the Purpose of Internal Auditing without compromise. Internal auditors will be aware of and manage potential biases. ~~perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgement on audit matters to others, in fact or appearance.~~

The Office of the Chief Auditor will have no direct operational responsibility or authority over any of the activities they review. Accordingly, the Office of the Chief Auditor will not approve or implement internal controls, develop procedures, install systems~~,~~ outside of the internal audit function, or engage in other activities that may impair their judgement, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties.
- Initiating or approving transaction(s) external to the Office of the Chief Auditor.
- Directing the activities of any Authority employee not employed by the Office of the Chief Auditor, except to the extent that such employees have been appropriately assigned to auditing teams or to assist internal auditors.

-Internal Auditors will:

- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.
- Timely ~~D~~disclose impairments of ~~independence or~~ objectivity, in fact or appearance, to appropriate parties~~ at least annually~~, such as the Chief Auditor.~~, Board or Audit Committee, management or others.~~
- Exhibit professional objectivity in ~~gathering, evaluating, and communicating information~~in all aspects of internal audit services.
- Make balanced assessments of all available and relevant facts and circumstances.

Managing the Office of the Chief Auditor

- ~~Take necessary precautions to avoid conflicts of interest, bias, and undue influence.~~

General

The Chief Auditor has the responsibility to:

- ~~At least annually, develop a risk-based~~Prepare, review, and adjust the internal Audit Plan, as necessary, in response to changes in the Authority's business, risks, operations, programs, systems, and controls. ~~that considers the input of the Audit Committee/Board and executive management~~. ~~Discuss the Audit Plan with the Audit Committee and executive management and submit the Audit Plan to the Audit Committee for review and forward to the Board for approval.~~

Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.

-
- Ensure internal audit engagements are planned, performed, documented, and communicated in accordance with Global Internal Audit Standards and laws and/or regulations.
- Follow up to ~~on audit engagement findings and confirm the implementation of recommendations or action plans~~ to ensure that the identified risks have been mitigated.~~and communicate the results of internal audit services to the Audit Committee/Board and executive management quarterly and for each engagement as appropriate.~~
- ~~Communicate the impact of resource limitations on the Audit Plan to the Audit Committee/Board and executive management, if applicable.~~
- ~~Review and adjust the internal Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, programs, systems, and controls.~~
- ~~Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.~~
- ~~Communicate with the Audit Committee/Board and Authority executive management if there are significant interim changes to the Audit Plan.~~
- ~~Ensure internal audit engagements are performed, documented, and communicated in accordance with Global Internal Audit Standards and laws and/or regulations.~~
- ~~Follow up on audit engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee/Board and executive management quarterly and for each engagement as appropriate.~~

- Ensure that the Office of the Chief Auditor collectively possesses or obtains the knowledge, skills, and other competencies ~~and qualifications~~ needed to meet the requirements of the Global Internal Audit Standards and fulfill the requirements for the Office of the Chief Auditor mandate.
- Manage the day-to-day activities of the Office of the Chief Auditor effectively and efficiently in alignment with the budget.
- ~~Identify and consider trends and emerging issues that could impact the Authority and communicate to the Audit Committee/Board and Authority executive management as appropriate.~~
- Consider emerging trends and successful practices in internal auditing.
- Establish, document, continuously improve, provide training on and ensure adherence to the Office of the Chief Auditor's Policies and Procedures / Office Manual designed to guide the Office of the Chief Auditor.
- ~~Ensure adherence to the Authority's relevant policies and procedures unless such policies conflict with the Charter for the Office of the Chief Auditor or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee or Board and executive management.~~
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. ~~If the Chief Auditor cannot achieve an appropriate level of coordination, the issue must be communicated to executive management and if necessary escalated to the Audit Committee or Board.~~

Communication with the Audit Committee/Board and Executive Management

The Chief Auditor will ~~report~~ communicate periodically to the Audit Committee/Board and executive management and obtain approval, as noted, from the Audit Committee/Board regarding:

- The Office of the Chief Auditor's charter (and subsequent updates), which includes the Office of the Chief Auditor's mandate (appropriate authority, role, and responsibilities), additional requirements of the Standards, and other topics requested by the Audit Committee/Board. The charter must be approved.
- Gather input and submit the risk-based internal Audit Plan and risk assessment on which the Audit Plan is based for approval. The risk assessment will be performed at least annually and informed by input from the Audit Committee/Board and executive management. Audit Committee/Board approval of the plan and significant changes to it is required. The Chief Auditor will communicate the rationale for not including an assurance engagement for an activity or area assessed as high risk and will explain any conflicting demands for services when applicable.

- The Office of the Chief Auditor budget, which includes details on resource requirements for successful implementation of the internal audit strategy, such as human resources, training, third-party services, and technology. The budget and any significant budget changes must be communicated.
- ~~The internal audit plan and performance relative to its plan.~~
- ~~Internal audit budget.~~
- ~~Significant revisions to the internal audit plan and budget.~~
- Potential impairments to independence, including relevant disclosures and actions taken to resolve the impairments, as applicable.
- Plans for the performance of an ~~Results from the~~external quality assurance review and results (see the "Quality Assurance and Improvement Program" section for further details).~~and improvement program, which include the Office of the Chief Auditor's conformance with The IIA's Global Internal Audit Standards and action plans to address the Office of the Chief Auditor's deficiencies and opportunities for improvement, if applicable.~~
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee/Board that could interfere with the achievement of Authority's strategic objectives.
- The results of internal audit services, including engagement results as appropriate and follow up on the status of management's actions.
- ~~Results of assurance and advisory services.~~
- Any issues with achieving an appropriate level of coordination with other internal assurance or external service providers.
- Management's responses to risk that the Chief Auditor determines may be unacceptable or acceptance of a risk that is beyond the Authority's risk appetite or risk tolerance.
- Updates to the Office of the Chief Auditor's strategy and progress on achievement of strategic objectives.
- The Office of the Chief Auditor's performance objectives, which require Audit Committee/Board approval, the Office of the Chief Auditor's progress toward achieving those objectives, and the status of any action plans to address issues and opportunities for improvement.
- ~~Resource requirements.~~
- ~~Management's responses to risk that the Office of the Chief Auditor determines may be unacceptable, or acceptance of a risk that is beyond the Authority's risk appetite.~~

Quality Assurance and Improvement Program

The Chief Auditor will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the Office of the Chief Auditor, including its conformance with the Standards, as verified by external and internal assessments. The program will ~~include external and internal assessments of the Office of the Chief Auditor's conformance with the Global Internal Audit Standards, as well as performance measurements to assess~~ also measure the Office of the Chief Auditor's performance, including its progress toward ~~the~~ achiev~~ement~~ing ~~of~~ its ~~objectives and promotion of~~ continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. ~~Also, i~~If applicable, the assessment will also include plans to address the Office of the Chief Auditor's deficiencies and opportunities for improvement.

Annually, the Chief Auditor will communicate with the Audit Committee/Board and executive management about the Office of the Chief Auditor's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Authority; required qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and Types of Internal Audit ~~Activities~~Services

The scope of internal audit services covers Authority activities, including all the Authority's operations, assets, and personnel. ~~The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Board, Audit Committee, and management on the adequacy and effectiveness of governance, risk management, and control processes for the Authority.~~

Internal audit services encompass but are not limited to objective examinations of information to provide independent, objective, risk-based assurance, advice, insight, and foresight to the governing body and management on the adequacy and effectiveness of governance, risk management, and control processes.

The nature and scope of advisory services may be agreed with executive management, provided the Office of the Chief Auditor does not assume management responsibility.

~~Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.~~

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Authority's strategic objectives are appropriately identified and managed.
- The actions of the Authority's officers, directors, employees, and contractors or other relevant parties comply with the Authority's policies, procedures, codes, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Authority.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information ~~is~~ are reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

[Amended by Resolution No. 2026-XXXX dated October 1, 2026]
[Amended by Resolution No. 2025-0066 dated October 2, 2025]
[Amended by Resolution No. 2024-0083 dated October 3, 2024]
[Amended by Resolution No. 2023-0086 dated October 5, 2023]
[Amended by Resolution No. 2021-0109 dated October 7, 2021]
[Amended by Resolution No. 2020-0098 dated October 1, 2020]
[Amended by Resolution No. 2018-0117 dated October 4, 2018]
[Amended by Resolution No. 2014-0089 dated September 4, 2014]
[Amended by Resolution No. 2010-0022R dated March 4, 2010]
[Adopted by Resolution No. 2003-062 dated October 2, 2003]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

Purpose

The purpose of the Office of the Chief Auditor is to strengthen the San Diego County Regional Airport Authority's (Authority) ability to create, protect, and sustain value by providing the Board of Directors (Board), Audit Committee, and executive management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Office of the Chief Auditor enhances the Authority's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Office of the Chief Auditor is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditors' (IIA) Global Internal Audit Standards, which are set in the public interest.
- The Office of the Chief Auditor is independently positioned with direct accountability to the Board and Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The Office of the Chief Auditor will adhere to the mandatory elements of the IIA's International Professional Practices Framework, which are the Global Internal Audit Standards (Standards) and Topical Requirements. The Chief Auditor will report periodically to the Authority's Audit Committee/Board and executive management regarding the Office of the Chief Auditor's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

The Chief Auditor shall be accountable to the Board under Public Utilities Code §170026, and pursuant to the Chief Auditor's employment agreement. The Office of the Chief Auditor assists the Audit Committee in discharging the duties described in Public Utilities Code §170018. The Office of the Chief Auditor also assists executive management in achieving Authority objectives. To assist the Audit Committee/Board and executive management, the Office of the Chief Auditor will perform assurance and advisory services on Authority activities. Services include, but are not limited to, reviews of internal controls, operating effectiveness, operating efficiencies, ethical behavior, expenditures, and compliance with the Authority's Codes, Policies, Standards, and procedures. The sections below provide further details on the mandate of the Office of the Chief Auditor.

Authority

The Office of the Chief Auditor's authority is created by its direct reporting relationship to the Board through the Audit Committee. Such authority allows for unrestricted access to the Board and Audit Committee and to all activities across the Authority (for example, records, personnel, and physical property). This positioning gives the Chief Auditor the organizational authority and status to bring matters directly to executive management and escalate matters to the Audit Committee/Board, when necessary, without interference.

The Audit Committee/Board authorizes the Office of the Chief Auditor to:

- Have full and unrestricted access to all functions, systems, data, records, other information, personnel, and physical properties pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish objectives.
- Obtain assistance from the necessary personnel of the Authority and other specialized services from within or outside the Authority to complete internal audit services.

Independence, Organizational Position, and Reporting Relationships

The Chief Auditor will be positioned at a level in the Authority that enables internal audit services and responsibilities to be performed without interference from management (See "Mandate" section), thereby establishing the independence of the Office of the Chief Auditor. The Chief Auditor will report administratively and functionally to the Audit Committee/Board.

Independence supports the Office of the Chief Auditor's ability to maintain objectivity. The Chief Auditor will confirm to the Audit Committee/Board, at least annually, the organizational independence of the Office of the Chief Auditor. The Chief Auditor will disclose to the Audit Committee/Board any interference internal auditors encounter related to the scope, performance, or communication of internal audit services and results. The disclosure will include communicating the implications of such interference on the Office of the Chief Auditor's effectiveness and ability to fulfill its mandate.

Changes to Mandate of the Office of the Chief Auditor and Charter

Circumstances may justify a follow-up discussion between the Chief Auditor, Board or Audit Committee, and executive management on the Office of the Chief Auditor's mandate or other aspects of the Charter for the Office of the Chief Auditor. Such circumstances may include, but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the Authority.
- Significant changes in the Chief Auditor, Board or Audit Committee, and/or executive management.
- Significant changes to the access, roles, or responsibilities of the Chief Auditor or Office of the Chief Auditor.
- Significant changes to the Authority's strategies, objectives, risk profile, or the environment in which the Authority operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Chief Auditor Roles and Responsibilities

Ethics and Professionalism

The Chief Auditor will ensure that internal auditors, including external service providers providing internal audit services:

- Conform with the Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Authority and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture at the Authority.
- Report Authority behavior that is inconsistent with the Authority's ethical expectations, as described in applicable codes, policies, and procedures.

Objectivity

The Chief Auditor will ensure that the Office of the Chief Auditor remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Auditor determines that objectivity may be impaired, in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

When performing all aspects of internal audit services, internal auditors will apply an impartial and unbiased mental attitude that allows them to make professional judgments based on balanced assessments of all relevant circumstances, fulfill their responsibilities, and achieve the Purpose of Internal Auditing without compromise. Internal auditors will be aware of and manage potential biases.

The Office of the Chief Auditor will have no direct operational responsibility or authority over any of the activities they review. Accordingly, the Office of the Chief Auditor will not approve or implement internal controls, develop procedures, install systems outside of the internal audit function, or engage in other activities that may impair their judgement, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties.
- Initiating or approving transaction(s) external to the Office of the Chief Auditor.
- Directing the activities of any Authority employee not employed by the Office of the Chief Auditor, except to the extent that such employees have been appropriately assigned to auditing teams or to assist internal auditors.

Internal Auditors will:

- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.
- Timely disclose impairments of objectivity, in fact or appearance, to appropriate parties, such as the Chief Auditor.
- Exhibit professional objectivity in in all aspects of internal audit services.
- Make balanced assessments of all available and relevant facts and circumstances.

Managing the Office of the Chief Auditor

General

The Chief Auditor has the responsibility to:

- Prepare, review, and adjust the internal Audit Plan, as necessary, in response to changes in the Authority's business, risks, operations, programs, systems, and controls..
- Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.
- Ensure internal audit engagements are planned, performed, documented, and communicated in accordance with Global Internal Audit Standards and laws and/or regulations.
- Follow up to confirm the implementation of recommendations or action plans to ensure that the identified risks have been mitigated.
- Ensure that the Office of the Chief Auditor collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards and fulfill the requirements for the Office of the Chief Auditor mandate.
- Manage the day-to-day activities of the Office of the Chief Auditor effectively and efficiently in alignment with the budget.
- Consider emerging trends and successful practices in internal auditing.
- Establish, document, continuously improve, provide training on and ensure adherence to the Office of the Chief Auditor's Policies and Procedures / Office Manual designed to guide the Office of the Chief Auditor.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services.

Communication with the Audit Committee/Board and Executive Management

The Chief Auditor will communicate periodically to the Audit Committee/Board and executive management and obtain approval, as noted, from the Audit Committee/Board regarding:

- The Office of the Chief Auditor's charter (and subsequent updates), which includes the Office of the Chief Auditor's mandate (appropriate authority, role, and responsibilities), additional requirements of the Standards, and other topics requested by the Audit Committee/Board. The charter must be approved.
- Gather input and submit the risk-based internal Audit Plan and risk assessment on which the Audit Plan is based for approval. The risk assessment will be performed at least annually and informed by input from the Audit Committee/Board and executive management. Audit Committee/Board approval of the plan and significant changes to it is required. The Chief Auditor

will communicate the rationale for not including an assurance engagement for an activity or area assessed as high risk and will explain any conflicting demands for services when applicable.

- The Office of the Chief Auditor budget, which includes details on resource requirements for successful implementation of the internal audit strategy, such as human resources, training, third-party services, and technology. The budget and any significant budget changes must be communicated.
- Potential impairments to independence, including relevant disclosures and actions taken to resolve the impairments, as applicable.
- Plans for the performance of an external quality assurance review and results (see the "Quality Assurance and Improvement Program" section for further details).
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee/Board that could interfere with the achievement of Authority's strategic objectives.
- The results of internal audit services, including engagement results as appropriate and follow up on the status of management's actions.
- Any issues with achieving an appropriate level of coordination with other internal assurance or external service providers.
- Management's responses to risk that the Chief Auditor determines may be unacceptable or acceptance of a risk that is beyond the Authority's risk appetite or risk tolerance.
- Updates to the Office of the Chief Auditor's strategy and progress on achievement of strategic objectives.
- The Office of the Chief Auditor's performance objectives, which require Audit Committee/Board approval, the Office of the Chief Auditor's progress toward achieving those objectives, and the status of any action plans to address issues and opportunities for improvement.

Quality Assurance and Improvement Program

The Chief Auditor will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the Office of the Chief Auditor, including its conformance with the Standards, as verified by external and internal assessments. The program will also measure the Office of the Chief Auditor's performance, including its progress toward achieving its continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. If applicable, the assessment will also include plans to address the Office of the Chief Auditor's deficiencies and opportunities for improvement.

Annually, the Chief Auditor will communicate with the Audit Committee/Board and executive management about the Office of the Chief Auditor's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Authority; required qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and Types of Internal Audit Services

The scope of internal audit services covers Authority activities, including all the Authority's operations, assets, and personnel.

Internal audit services encompass but are not limited to objective examinations of information to provide independent, objective, risk-based assurance, advice, insight, and foresight to the governing body and management on the adequacy and effectiveness of governance, risk management, and control processes.

The nature and scope of advisory services may be agreed with executive management, provided the Office of the Chief Auditor does not assume management responsibility.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Authority's strategic objectives are appropriately identified and managed.
- The actions of the Authority's officers, directors, employees, and contractors or other relevant parties comply with the Authority's policies, procedures, codes, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Authority.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information are reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

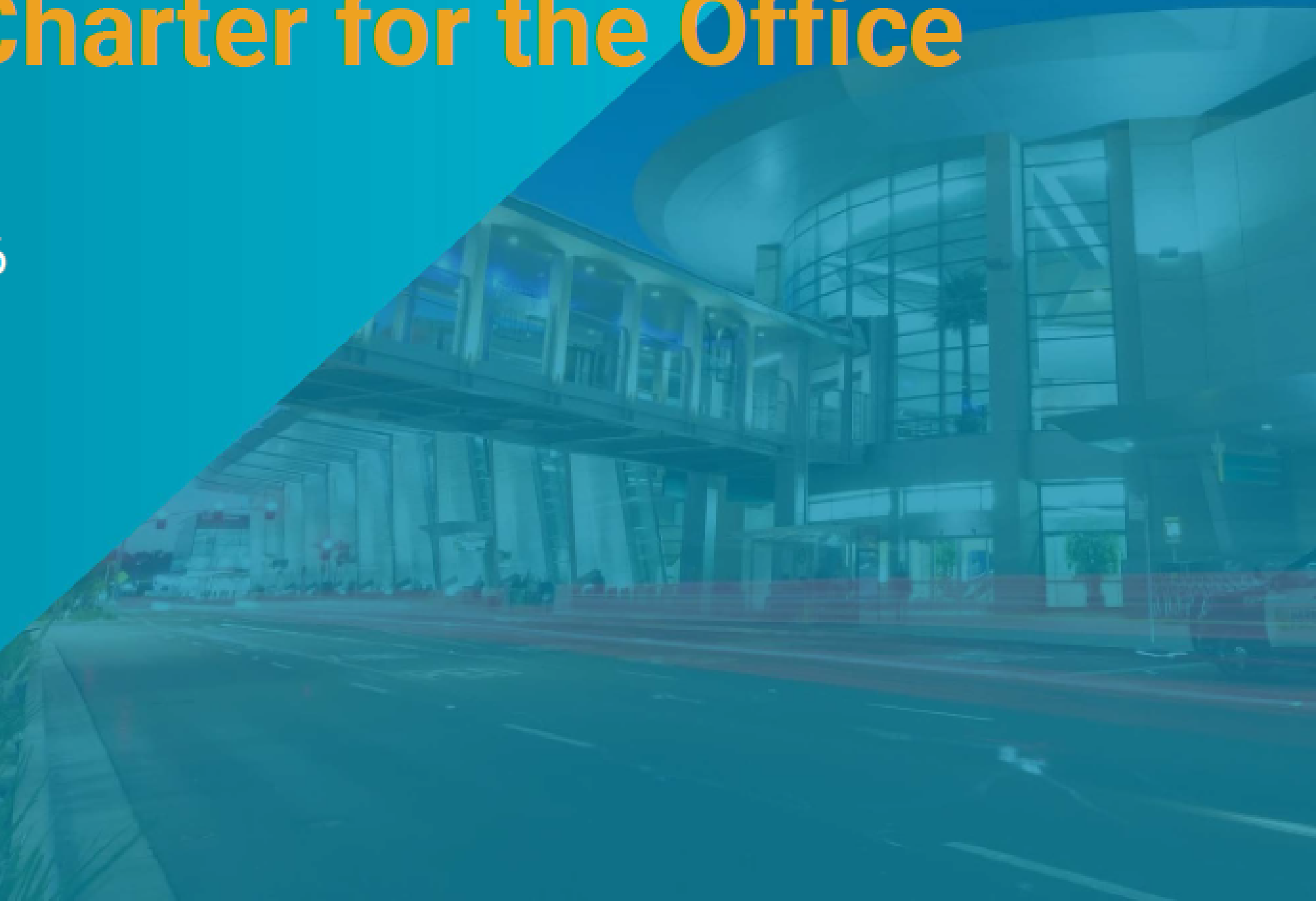
[Amended by Resolution No. 2026-XXXX dated October 1, 2026]
[Amended by Resolution No. 2025-0066 dated October 2, 2025]
[Amended by Resolution No. 2024-0083 dated October 3, 2024]
[Amended by Resolution No. 2023-0086 dated October 5, 2023]
[Amended by Resolution No. 2021-0109 dated October 7, 2021]
[Amended by Resolution No. 2020-0098 dated October 1, 2020]
[Amended by Resolution No. 2018-0117 dated October 4, 2018]
[Amended by Resolution No. 2014-0089 dated September 4, 2014]
[Amended by Resolution No. 2010-0022R dated March 4, 2010]
[Adopted by Resolution No. 2003-062 dated October 2, 2003]

Item 5

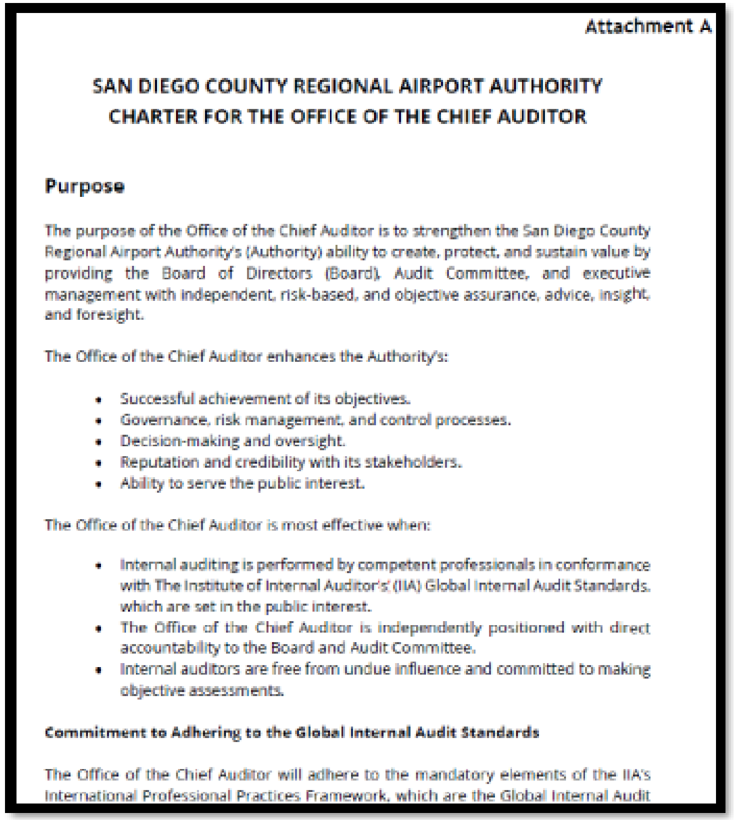
SAN DIEGO INTERNATIONAL AIRPORT

Annual Review of the Charter for the Office of the Chief Auditor

Audit Committee Meeting September 14, 2026



Annual Review of the Charter for the OCA


Attachment A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

Purpose

The purpose of the Office of the Chief Auditor is to strengthen the San Diego County Regional Airport Authority's (Authority) ability to create, protect, and sustain value by providing the Board of Directors (Board), Audit Committee, and executive management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Office of the Chief Auditor enhances the Authority's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Office of the Chief Auditor is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditor's (IIA) Global Internal Audit Standards, which are set in the public interest.
- The Office of the Chief Auditor is independently positioned with direct accountability to the Board and Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The Office of the Chief Auditor will adhere to the mandatory elements of the IIA's International Professional Practices Framework, which are the Global Internal Audit

Annual Review Required

Required Review

- Charter Requirement
- Part of OCA's Quality Assurance and Improvement Program
- Best Practice

Compare Charter for the OCA to Model Charter

Review for Other Changes

Annual Review of the Charter for the OCA

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

Managing the Office of the Chief Auditor

- ~~Take necessary precautions to avoid conflicts of interest, bias, and undue influence.~~

General

The Chief Auditor has the responsibility to:

- ~~At least annually, develop a risk-based~~Prepare, review, and adjust the internal Audit Plan, as necessary, in response to changes in the Authority's business, risks, operations, programs, systems, and controls. ~~that considers the input of the Audit Committee/Board and executive management. Discuss the Audit Plan with the Audit Committee and executive management and submit the Audit Plan to the Audit Committee for review and forward to the Board for approval.~~
- Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.
- Ensure internal audit engagements are planned, performed, documented, and communicated in accordance with Global Internal Audit Standards and laws and/or regulations.
- Follow up to ~~on audit engagement findings and~~ confirm the implementation of recommendations or action plans ~~-~~ to ensure that the identified risks have been mitigated. ~~and communicate the results of internal audit services to the Audit Committee/Board and executive management quarterly and for each engagement as appropriate.~~
- ~~Communicate the impact of resource limitations on the Audit Plan to the Audit Committee/Board and executive management, if applicable.~~
- ~~Review and adjust the internal Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, programs, systems, and controls.~~
- ~~Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.~~
- ~~Communicate with the Audit Committee/Board and Authority executive management if there are significant interim changes to the Audit Plan.~~
- ~~Ensure internal audit engagements are performed, documented, and communicated in accordance with Global Internal Audit Standards and laws and/or regulations.~~

What Changed This Year

Refinements to the language to align with the Global Internal Audit Standards.

Ethics & Professionalism

- Clarifying all audit service providers should uphold ethical requirements

Communication with Committee/Board

- Expand expectations for Audit Committee/Board input and approval for Audit Plan

Edits

- Wording and reorganization throughout

SAN DIEGO INTERNATIONAL AIRPORT

Questions?

SAN
SAN DIEGO
INTERNATIONAL AIRPORT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 6

Audit Committee Report

Meeting Date: September 14, 2026

Subject:

Revision to the Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor

Recommendation:

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

Background/Justification:

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 2, 2025, per Board Resolution No. 2025-0066, defines the role and requirements of the Office of the Chief Auditor (OCA).

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

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

The OCA's Audit Plan for Fiscal Year 2027 was initially accepted by the Audit Committee during its May 4, 2026, meeting, and was subsequently approved on June 4, 2026, by Board Resolution No. 2026-0033.

During the first quarter of Fiscal Year 2027, the OCA reviewed the Audit Plan and a revision is requested. The proposed revision accounts for two audits that carried over from Fiscal Year 2026, adds an audit requested by management and agreed to by the OCA after development and approval of the Fiscal Year 2027 Audit Plan, and reallocates audit hours from other planned activities to reflect the OCA's current operational requirements.
Staff requests that the Audit Committee accept the proposed revision to the Audit Plan and forward it to the Board for subsequent approval.

The proposed revisions to the Fiscal Year 2027 Audit Plan are provided as Attachment A. The Fiscal Year 2027 Audit Plan with all changes incorporated is provided as Attachment B.

Fiscal Impact:

The Chief Auditor Department's adopted Operating Expense Budget for Fiscal Year 2027 and conceptually approved budget for Fiscal Year 2028 have been sufficiently funded to meet the allotted budget requirements for the proposed revision to the Fiscal Year 2027 Audit Plan.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

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

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

ATTACHMENT A

Office of the Chief Auditor
2027 Audit Plan
September 14, 2026

Key Work Activity	Objective[1]	Prior Estimated Hours	Change Requested	Revised Hours
Audit Hours				
Tenant Lease Administration and Management[2]	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. *Audit Engagement #26003*	500	-	500
Harbor Police Contract Mgmt.[2]	To determine if Harbor Police costs or services are appropriate related to fiscal years 2021, 2022, 2023, 2024, and 2025. *Audit Engagement #25006*	400	-	400
Construction[2]	To evaluate compliance with bid, award, and billing requirements of subcontracts. *Audit Engagement #25016 – Baker Tilly*	400	-	400
ARFF Management[2]	To determine if costs included in ARFF billings are appropriate. *Audit Engagement #26005*	400	-	400
Tenant Lease Administration and Management	To examine Turo's activity and related concessions and Transportation Facility Charges (TFC) due. *Audit Engagement #27001*	600	-	600
Parking Management Contract Administration	To determine if the parking management contract is administered appropriately. *Audit Engagement #25009*	-	300	300
Construction[2]	To determine if costs within payment applications are allowable and meet requirements. *Audit Engagement #25017 – Baker Tilly*	-	100	100
Customer, Employee, and Inter-terminal Shuttle Operations Contract Management	To determine if the Employee Shuttle Service operations are administered appropriately. *Audit Engagement #27002*	600	-	600

[1] Objective may change based on the preliminary survey performed by the OCA.
[2] Audit activity carried forward from fiscal year 2026.

ATTACHMENT A

Office of the Chief Auditor
2027 Audit Plan
September 14, 2026

Key Work Activity	Objective[1]	Prior Estimated Hours	Change Requested	Revised Hours
Tenant Lease Administration and Management[3]	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. *Audit Engagement #27003*	300	-	300
System Security	To evaluate the Authority's security posture by performing testing of a selected Information Technology system. *Audit Engagement #27004*	200		200
Parking Management Contract Administration	To determine if the expenses related to the parking management contract are administered appropriately. *Audit Engagement #27005*	600		600
Maintenance Service Contract Oversight	To determine if the management of Maintenance service contracts is appropriate. *Audit Engagement #27006*	550		550
Construction	To evaluate the payment process utilized within the NT1 project. Audit *Engagement #27010- Baker Tilly*	-	200	200
To Be Determined	To initiate audit(s)/advisory engagements based on risks identified at the discretion of the Chief Auditor.	340	(340)	-
	Total Audit Hours	**4,890**	**260**	**5,150**
Advisory Service Hours				
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. *Advisory Service Engagement #27007-AS*	600	-	600
Tenant Lease Administration and Management	To provide management assistance with Rent a Car Companies related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). *Advisory Service Engagement #27008-AS*	50	-	50

[3] Audit activity will carry forward to fiscal year 2028.

ATTACHMENT A

Office of the Chief Auditor
2027 Audit Plan
September 14, 2026

Key Work Activity	Objective[1]	Prior Estimated Hours	Change Requested	Revised Hours
Rental Car Shuttle Service Contract Administration	To provide management assistance with evaluating the billing and review process of SP+ shuttle services. *Advisory Service Engagement #27009-AS*	100	-	100
	Total Advisory Service Hours	**750**	**-**	**750**
General Audit Hours				
Risk Assessment and Audit Plan[4]	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252	-	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	160	(50)	110
Development of Data Analytics	Enhance or develop the data analytics program.	200	-	200
Fraud, Waste, Abuse & Ethics Program[4]	To review policies, perform training, and investigate reported incidents.	400	-	400
Recommendation Follow-up[7]	To verify that internal and external audit recommendations have been implemented as intended.	160	(50)	110
Quality Assurance & Improvement Program[4]	To conduct Internal Quality Assessments as required by Global Internal Audit Standards 12.1.	400	-	400
Quality Assurance & Improvement Program[4]	To participate in a Peer Review Reciprocal Program as part an External Quality Assessment as required by Global Internal Audit Standards 8.4.	160	(160)	-
	Total General Audit Hours	**1,732**	**(260)**	**1,472**
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,972	-	2,972
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,136	-	2,136
	Total Administrative Hours	**5,108**	**-**	**5,108**
	Total Hours	**12,480**	**-**	**12,480**

[4] Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor
2027 Audit Plan
September 14, 2026

Division	Key Work Activity	Objective[5]	Estimated Hours
Contingent Audit 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

[5] Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor

ATTACHMENT A

2027 Audit Plan

September 14, 2026

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**

Office of the Chief Auditor

ATTACHMENT B

2027 Audit Plan

September 14, 2026

Key Work Activity	Objective[1]	Estimated Hours
Tenant Lease Administration and Management[2]	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. *Audit Engagement #26003*	500
Harbor Police Contract Mgmt.[2]	To determine if Harbor Police costs or services are appropriate related to fiscal years 2021, 2022, 2023, 2024, and 2025. *Audit Engagement #25006*	400
Construction[2]	To evaluate compliance with bid, award, and billing requirements of subcontracts. *Audit Engagement #25016 – Baker Tilly*	400
ARFF Management[2]	To determine if costs included in ARFF billings are appropriate. *Audit Engagement #26005*	400
Tenant Lease Administration and Management	To examine Turo's activity and related concessions and Transportation Facility Charges (TFC) due. *Audit Engagement #27001*	600
Parking Management Contract Administration	To determine if the parking management contract is administered appropriately. *Audit Engagement #25009*	300
Construction[2]	To determine if costs within payment applications are allowable and meet requirements. *Audit Engagement #25017 – Baker Tilly*	100
Customer, Employee, and Inter-terminal Shuttle Operations Contract Management	To determine if the Employee Shuttle Service operations are administered appropriately. *Audit Engagement #27002*	600
Tenant Lease Administration and Management3	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. *Audit Engagement #27003*	300
System Security	To evaluate the Authority's security posture by performing testing of a selected Information Technology system. *Audit Engagement #27004*	200
Parking Management Contract Administration	To determine if the expenses related to the parking management contract are administered appropriately. *Audit Engagement #27005*	600
Maintenance Service Contract Oversight	To determine if the management of Maintenance service contracts is appropriate. *Audit Engagement #27006*	550
Construction	To evaluate the payment process utilized within the NT1 project. Audit Engagement *#27010- Baker Tilly*	200

[1] Objective may change based on the preliminary survey performed by the OCA.

[2] Audit activity carried forward from fiscal year 2026.

[3] Audit activity will carry forward to fiscal year 2028.

Office of the Chief Auditor ATTACHMENT B
2027 Audit Plan
September 14, 2026

Key Work Activity	Objective[1]	Estimated Hours
To Be Determined	To initiate audit(s)/advisory engagements based on risks identified at the discretion of the Chief Auditor.	-
	Total Audit Hours	**5,150**
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. *Advisory Service Engagement #27007-AS*	600
Tenant Lease Administration and Management	To provide management assistance with Rent a Car Companies related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). *Advisory Service Engagement #27008-AS*	50
Rental Car Shuttle Service Contract Administration	To provide management assistance with evaluating the billing and review process of SP+ shuttle services. *Advisory Service Engagement #27009-AS*	100
	Total Advisory Service Hours	**750**
Risk Assessment and Audit Plan[4]	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	110
Development of Data Analytics	Enhance or develop the data analytics program.	200
Fraud, Waste, Abuse & Ethics Program[4]	To review policies, perform training, and investigate reported incidents.	400
Recommendation Follow-up[7]	To verify that internal and external audit recommendations have been implemented as intended.	110
Quality Assurance & Improvement Program[4]	To conduct Internal Quality Assessments as required by Global Internal Audit Standards 12.1.	400
Quality Assurance & Improvement Program[4]	To participate in a Peer Review Reciprocal Program as part an External Quality Assessment as required by Global Internal Audit Standards 8.4.	-
	Total General Audit Hours	**1,472**
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,972
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,136
	Total Administrative Hours	**5,108**
	Total Hours	**12,480**

[4] Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Division	Key Work Activity	Objective[5]	Estimated Hours
Contingent Audit 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

[5] Objective may change based on the preliminary survey performed by the OCA.

ATTACHMENT B

Office of the Chief Auditor
2027 Audit Plan
September 14, 2026

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**

Item 6

Revision to the Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor

Audit Committee Meeting September 14, 2026

Reasons for Requested Revision

Hours Added

Description	Hours
Construction: Pay Applications	100
Parking Operator (Data)	300
Construction: Prompt Payment	200
Total	**600**

Note: Prompt Payment scope will be coordinated with the FAA's upcoming compliance review (next slide).

Hours Shifted From

Description	Hours
Peer Review	(160)
Construction Mgmt & Meetings	(50)
Recommendation Follow-Up	(50)
Discretionary	(340)
Total	**(600)**

SAN DIEGO INTERNATIONAL AIRPORT

FY27 Audit Plan: New Audit

Construction: Prompt Payment

Potential objectives: Evaluate payment practices throughout multiple tiers of subcontractors, assess the adequacy of contractual flow-down provisions, and evaluate the effectiveness of the Airport's oversight and monitoring processes.

- Estimated Completion: June 2027
- Baker Tilly Audit
  - Hours*: BT 1,160; OCA 200
  - Approximate Cost: $225,000
- *Coordination with the FAA: We will coordinate with the FAA regarding its upcoming DBE/ACDBE Programs Compliance Review. Scope, hours, and cost may be adjusted during the preliminary survey to avoid duplicative testing.*

*Audit work to be performed by Baker Tilly. OCA hours included for review and supervision as required by Global Internal Audit Standards.

SAN DIEGO INTERNATIONAL AIRPORT

Questions?

SAN
SAN DIEGO
INTERNATIONAL AIRPORT

PUBLIC COMMENT

From:	Lance Murphy
To:	SDCRAA clerk
Subject:	Comments for Audit Committee Meeting Sept. 14
Date:	Thursday, September 10, 2026 3:58:49 PM

Dear Authority Clerk:
Please distribute this written comment to the Audit Committee for its September 14, 2026 meeting and include it in the official meeting record. Please confirm receipt.

I am a concerned resident and former member of the Airport Noise Advisory Committee. My comment concerns Agenda Items 4, 5, and 6: the annual reviews of the Audit Committee and Chief Auditor charters, and the revised Fiscal Year 2027 Audit Plan.

The recent drone-related ground stop at San Diego International Airport on September 4 presents an important opportunity for a constructive after-action review. My purpose is not to second-guess real-time safety decisions or to point fingers at any organization. Rather, this event should be treated as a valuable stress test of whether the Airport Authority's own internal response and recovery models are fully adequate for modern airspace challenges.

A prolonged ground stop at our single-runway airport deeply impacts passengers, airlines, and our regional economy. While safety must always govern, the ability to reach a swift, well-supported all-clear is also operationally and financially vital. Therefore, as you review the FY 2027 Audit Plan, I respectfully ask the Committee to confirm that the Chief Auditor's scope includes an independent performance and internal-control review of the Airport Authority's response and recovery process for the September 4 airspace disruption.

To provide the clear direction and independent validation our community needs, I suggest this performance review explicitly assess the following internal and inter-agency controls:

- **Interagency Coordination & Preparedness:** Evaluate the Authority's documented coordination and handoff processes with the FAA, TSA, and law enforcement. The review should determine if the Authority possesses the procedures, local tools, and escalation paths necessary to seamlessly coordinate and maintain a common operating picture with those partners. Specifically, it should verify clear ownership and responsibility at each stage, ensuring handoffs are explicitly defined for both senders and receivers. Finally, the audit should evaluate whether the framework contains appropriate protocols for error-correction, real-time updates, feedback loops, and definitive conclusion criteria.

- **Detection & Capability Gaps:** Assess whether the Authority has, or has assured access to, sufficient capability to detect, locate, track, and validate a suspected UAS, and lawfully use available identification information. If a capability gap exists, the review should identify the responsible owner, lawful options, required agreements, and cost implementation paths.

- **Data Integrity & Object Differentiation:** Determine whether the operational record accurately distinguished and documented multiple reported aerial objects—specifically isolating the high-altitude telecommunications balloon from the low-altitude drone or drones. The audit should verify whether the operational record clearly identifies which specific report supported each restriction, escalation, and eventual all-clear.

- **Information Routing & Public Trust:** Assess whether available pre-event coordination data was accessible to frontline decision-makers, and whether public communications clearly distinguished confirmed facts from unverified sightings to maintain a disciplined narrative. Additionally, the review should evaluate the efficiency and effectiveness of the timing and sequence of events leading up to the official ground stop, as well as the subsequent "all-clear" recovery process.

- **Accountability & Model Validation:** Evaluate whether the Airport Authority's emergency response plan accurately modeled and anticipated the actual real-time actions required by each participating organization. The review should determine if the operational realities of the September 4 incident fell well within the planned capabilities of those organizations. Finally, ensure any resulting audit recommendations have assigned owners, specific deadlines, and independent validation through a future exercise or test, with a public summary provided to the extent consistent with safety and security constraints.

Ultimately, this is a matter of safeguarding public trust. The Airport Authority has worked tirelessly to build an extraordinary safety record. However, public confidence depends on knowing that when a disruptive event happens, our local response is disciplined, independently evaluated, and always evolving.

Having spent time looking at airport operations from an organizational perspective, I know firsthand that social media misinformation quickly fills the void during an active crisis. It might seem convenient to let this pass as a one-time news cycle, but long-term public trust suffers when we leave these questions unexamined. Offering a transparent, appropriately scoped review is simply good, neighborly practice to protect the Authority's hard-earned reputation.

Thank you for your time, consideration, and continued dedication to our community's safety.

Sincerely,

Lance G. Murphy
Point Loma Resident since 1996