



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

Item No.
9

Meeting Date: **SEPTEMBER 2, 2010**

Subject:

Fiscal Year 2010 – Annual Report from the Audit Committee

Recommendation:

The Audit Committee recommends that the Board receive the information.

Background/Justification:

Authority Policy Section 1.50 (5)(c)(iv) established the Audit Committee and its roles and responsibilities. The Board approved the Charter of the Audit and Performance Monitoring Committee on October 2, 2003. In accordance with the Charter, an annual report on how the Committee discharged its duties and met its responsibilities is to be provided to the Board.

A report from the Audit Committee to the Board describing its activities during Fiscal Year 2010 (Attachment A) was reviewed during the August 30, 2010, meeting of the Committee. The Committee voted unanimously to forward the report to the Board.

Fiscal Impact:

Not applicable.

Environmental Review:

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.

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Equal Opportunity Program:

Not applicable.

Prepared by:

MARK A. BURCHYETT
CHIEF AUDITOR



Board Communication

Date: August 30, 2010

To: San Diego County Regional Airport Authority Board Members

Cc: Thella F. Bowens, President/CEO

From: The Audit Committee

Subject: Annual Report of the Audit Committee for Fiscal Year 2010

In accordance with the Charter of the Audit Committee, a report on the activities of the Committee and the accomplishment of its duties is required on an annual basis. Authority Policy Section No. 1.50 (5)(c)(ii) established and outlines the Audit Committee's responsibilities. Herein, the Committee submits its annual report for the period July 1, 2009, through June 30, 2010.

The Audit Committee convened six times during FY10. The meeting minutes for these public sessions are on file with the Clerk of the Board. The Committees activities and accomplishments are summarized below.

- Conducted six Audit Committee Meetings
 - ✓ August 31, 2009
 - ✓ September 24, 2009 (Special Meeting)
 - ✓ November 18, 2009
 - ✓ February 8, 2010
 - ✓ May 3, 2010
 - ✓ June 8, 2010 (Special Meeting)
- Reviewed and approved reports issued by the Authority and by the external auditor
 - ✓ McGladrey & Pullen, LLP audit plan, report on independence, and report on quality controls
 - ✓ Audited financial statements for the Authority's fiscal year ended June 30, 2009
 - ✓ Letter to the Audit Committee on the audited financial statements as of June 30, 2009
 - ✓ Single audit report and Passenger Facility Charge Compliance Report for the fiscal year ended June 30, 2009
 - ✓ Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009

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- Reviewed and approved reports issued by the Office of the Chief Auditor (OCA)
 - ✓ FY09 OCA Annual Report
 - ✓ Quarterly activity reports and corresponding reports on audit recommendations issued by the OCA
 - ✓ Audit Reports issued by the Office of the Chief Auditor during FY10: 39 total
 - ✓ FY11 Audit Plan and budget for the Office of the Chief Auditor

- Monitored the progress of the Office of the Chief Auditor
 - ✓ Reviewed monthly reports from the OCA, including audits in progress, recommendations outstanding, construction audit – Green Build activities, and ethics updates, etc.
 - ✓ Participated in Public Employee Performance Evaluation Goal Setting for FY10
 - ✓ Performed a formal review of the Charter of the Audit Committee and the Charter of the Office of the Chief Auditor
 - ✓ Assessed the selection process for hiring a consultant to provide construction auditing services; and approved Staff's recommendation to extend a three year contract to RW Block Consulting Inc. The Audit Committee's recommendation was approved by the Board at its May 6, 2010, meeting.

The Committee continues to uphold its role in monitoring the audit activities of the Authority's external auditor(s) and of the Office of the Chief Auditor, carrying out its duties with professionalism and independence, in order to ensure the Authority's accountability and the integrity of its financial reporting.

Tom Smisek
Audit Committee Chair

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