

**FILE NUMBER: 2024-283**

**DATE:** Tuesday, July 9, 2024

**SUBJECT: Resolution Amending BPC Policy No. 776**

**DESCRIPTION: Adopt Resolution Amending Board of Port Commissioners' Policy No 776, Port Audit Oversight Committee Adding Section 5, Mileage Reimbursement**

**EXECUTIVE SUMMARY:**

The Audit Oversight Committee's work plan for the current year included a review of Board of Port Commissioners (BPC) Policy No. 776, Port Audit Oversight Committee (AOC or Committee). The policy defines the purpose, authority, and responsibility of the Audit Oversight function. The policy was last amended in August 2023.

During the March 2024 AOC meeting, the Port Auditor presented the BPC policy for review, and as a result, the Committee recommended amending BPC Policy No. 776 to provide mileage reimbursement for public members and ask for it be presented to the BPC for review and approval.

**RECOMMENDATION:**

Adopt a resolution amending BPC Policy No. 776, Port Audit Oversight Committee adding Section 5, Mileage Reimbursement.

**FISCAL IMPACT:**

Funds for this expense are budgeted in the Office of the Port Auditor's FY 2025 non-personnel expense budget, and the cost is estimated to be \$1,000 for the fiscal year.

**COMPASS STRATEGIC GOALS:**

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.

**DISCUSSION:**

In 2004, the Board of Port Commissioners (BPC) created the Audit Advisory Committee to assist the BPC in fulfilling its fiduciary oversight responsibilities under the guidelines of all BPC advisory committees, established in BPC Policy No. 018, and articulated in the Committee's Charter. On December 13, 2016, the Board approved BPC Policy Number 776 – Audit Oversight Committee Policy, which disbanded the Audit Advisory Committee and established the Audit Oversight Committee (AOC) to better reflect the committee's purpose. It's important to note that AOC public volunteers are appointed by the BPC and are required to submit a Statement of Economic Interest (Form 700).

The AOC is governed by BPC Policy Number 776 – Port Audit Oversight Committee Policy, which determines the makeup of the AOC. The AOC comprises five members, two of whom are from the Board. These members are appointed by the Chair of the Board, with one of the two being designated as the Committee Chair. The remaining three AOC members are public appointees serving staggered three-year terms to ensure continuity. These public members offer specialized expertise in finance, accounting, and cyber security and provide recommendations on the District’s Financial Audit and the Annual Audit Plan. They are appointed by the Board following a review and recommendation process conducted by the screening committee. All AOC members possess voting rights within the committee. It is a stipulation that all committee members maintain independence from Port management. However, it should be noted that the policy does not encompass mileage reimbursement for public members attending AOC meetings.

The Port Auditor revised BPC Policy No. 776, Port Audit Oversight Committee policy, adding Section 5, Mileage Reimbursement, and consistent with the language in Administrative Procedure #128-213, Business Mileage Reimbursement.

Based on this, the Board is being asked to adopt a resolution to create/add Section 5 as follows:

5. MILEAGE REIMBURSEMENT

a. Calculating Business Mileage

Public AOC Members may be reimbursed for reasonable travel expenses, including round-trip, business mileage incurred while using their vehicle to attend the quarterly AOC meetings.

b. Reimbursable Amount

The Port shall reimburse the business mileage at a rate consistent with the most current Standard Mileage Rate set forth by the Internal Revenue Service. The Public AOC Member may also be reimbursed for reasonable travel expenses related to public transportation.

c. Requesting Business Mileage Reimbursement

To receive business mileage reimbursement, the Public AOC Member shall complete the Mileage Reimbursement Form provided by the Office of the Port Auditor. Once completed and received by the Office of the Port Auditor, the form will be reviewed and approved by the Port Auditor and processed through the Finance Department, which will issue a reimbursement. If Public AOC Members wish to be reimbursed for incurred public transportation fees, they must provide receipts with the Mileage Reimbursement Form as evidence of incurred transportation fees.

**General Counsel’s Comments:**

The Office of the General Counsel has reviewed and approved this agenda and proposed resolution, as presented, as to form and legality.

**Environmental Review:**

The proposed Board action, including without limitation amending the Board of Port Commissioners' Policy No. 776, Port Audit Oversight Committee adding Section 5, Mileage Reimbursement, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Sections 21 and 35 of the Port Act, which allow for the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

**Diversity, Equity, and Inclusion Program:**

This agenda sheet has no direct DEI impact on District workforce or contract reporting at this time.

**PREPARED BY:**

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Attachment(s):

Attachment A: BPC Policy No. 776, Port Auditor Oversight Committee – Redlined  
Attachment B: BPC Policy No. 776, Port Auditor Oversight Committee – Final