

AUDIT OVERSIGHT COMMITTEE MEETING FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC),
AND SAN DIEGO TROLLEY, INC. (SDTI)

June 4, 2009

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

1. Chairman Ewin called the meeting to order at 9:03 a.m. A roll call sheet listing Audit Oversight Committee member attendance is attached.

He asked everyone to introduce themselves.

2. APPROVAL OF MINUTES

Mr. Roberts moved approval of the minutes of the March 19, 2009, Audit Oversight Committee meeting. Mr. Mathis seconded the motion, and the vote was 5 to 0 in favor.

B. AUDIT OVERSIGHT COMMITTEE DISCUSSION ITEMS

1. MTS: Update on Audit Status (ADM 110.12)

Ms. Linda Musengo, Finance Manager, reported that MTS's external auditors, Caporicci & Larson, have completed their evaluation of internal controls in major accounting and financial areas, especially as they pertain to grants management, financial reporting and budget, and cash management of ticket vending machines (TVM's). She stated that their preliminary report indicated that there were no significant findings, just one minor issue in the SDTI storeroom. She also reported that the engagement letter should be received shortly. She advised Committee members that the auditors will begin their year-end work on August 24. She also reported that the auditors commended staff for responding quickly to their requests, which allowed them to complete their work ahead of schedule. She advised Committee members that the exit conference with Caporicci & Larson would take place later in the day and invited any Committee members who wished to attend.

Action Taken

No action was taken on this item.

2. MTS: Proposed 2009/2010 Internal Audit Plan (ADM 110.12)

Mr. Mark Abbey, Internal Auditor, reviewed the factors that were used to determine which areas should be audited next year and briefly discussed each of these areas. He advised Committee members that this list has been reviewed by the CEO, Chief Financial Officer (CFO), and General Counsel. In response to a question from Mr. Ewin, he reviewed the types of audits that he conducts upon request.

Chairman Ewin felt that the audit list was optimistic given that Mr. Abbey would be conducting all of these audits by himself. Mr. Paul Jablonski, CEO, stated that the plan is also optimistic because Mr. Abbey's services will be required during the implementation of the Compass Card program. He added that Mr. Cliff Telfer, CFO, has been doing advance work on this project. Mr. Abbey stated that he has been discussing this matter with other agencies that have implemented similar programs and will be making a site visit to the Metropolitan Transit Authority in Los Angeles to discuss their implementation of Smart Card technology.

In response to a question from Mr. Mathis, Mr. Abbey reported that the Compass Card relationship with Vons is under contract with SANDAG, not MTS, and he will therefore not be auditing that element of the program. Staff advised the Committee that SANDAG does not have an internal auditor.

In response to a question from Mr. Ewin, Mr. Abbey stated that he will provide information on the size of internal audit functions within similar-sized transit properties.

Action Taken

No action was taken on this item.

C. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee communications.

D. PUBLIC COMMENTS

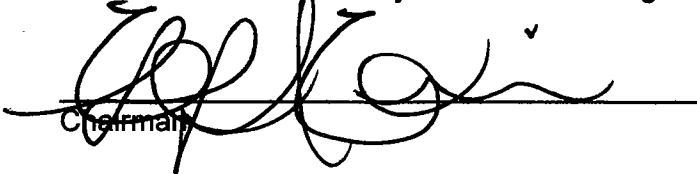
There were no public comments.

E. NEXT MEETING DATE:

Mr. Jablonski reported that the June 18, 2009, Executive Committee meeting may be cancelled. He reported that the next Audit Oversight Committee meeting, originally scheduled for that same date, will be held on July 9 if the Executive Committee meeting is cancelled.

F. ADJOURNMENT

Chairman Ewin adjourned the meeting at 9:16 a.m.



Chairman

**AUDIT OVERSIGHT COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 6/4/09

CALL TO ORDER (TIME) 9:03 a.m.

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 9:16 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
EWING (Chair) <input checked="" type="checkbox"/>		
LIGHTNER <input checked="" type="checkbox"/> (Young) <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>		
Rotated to Chula Vista		
RINDONE (VC) <input checked="" type="checkbox"/> (Young) (CPT) <input type="checkbox"/>	9:05 a.m. during AI B1	
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
SELBY <input checked="" type="checkbox"/> (Ryan) <input type="checkbox"/>		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

Jeff Leary