

AUDIT OVERSIGHT COMMITTEE MEETING FOR THE  
METROPOLITAN TRANSIT SYSTEM (MTS),  
SAN DIEGO TRANSIT CORPORATION (SDTC),  
AND SAN DIEGO TROLLEY, INC. (SDTI)  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

June 2, 2011

MINUTES

A. ROLL CALL

1. Chairman Ewin called the meeting to order at 9:00 a.m. A roll call sheet listing Audit Oversight Committee member attendance is attached.

2. APPROVAL OF MINUTES

Mr. Roberts moved for approval of the minutes of the October 21, 2010, 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: Appointment of Chairperson

Karen Landers, General Counsel, opened nominations for the chairperson of the Audit Oversight Committee. Mr. Mathis nominated Ernie Ewin. There were no other nominations.

Action Taken

Mr. Mathis nominated Mr. Ewin as Chairman of the Audit Oversight Committee. Mr. Roberts seconded the motion, and the vote was 4 to 0 in favor with Mr. Ewin abstaining.

2. MTS: Caporicci & Larson Engagement Letter for the FY 2011 Audit

Tom Lynch, Controller, explained to the Audit Oversight Committee that the Caporicci & Larson (C&L) engagement letter for the fiscal year 2011 audit had been received. He explained that since the previous engagement letter, C&L has been acquired by Marcum LLP. He explained further that this year's engagement letter differs slightly from last year as roles and responsibilities have been defined in slightly more detail. Mr. Lynch stated that MTS staff has reviewed the engagement letter carefully, and the letter has been signed by the Chief Financial Officer.

Action Taken

Mr. Cunningham moved to receive a report on the Caporicci & Larson engagement letter. Mr. Mathis seconded the motion, and the vote was 5 to 0 in favor.

3. MTS: New Audit Standards and FY 2011 Auditing Plan

Kenneth Pun of Caporicci & Larson presented the Committee with the new audit standards and fiscal year 2011 auditing plan. He provided a background of C&L and talked about the financial statements and reporting responsibility including the scope of work to be performed. He discussed management responsibilities as well as C&L responsibilities. Mr. Pun explained the C&L audit approach, audit phases, and risk assessments. He also talked about the validation of account balances and reporting, and then explained the engagement of a quality control partner that will ensure that the audit is performed in accordance with Government Accounting Standards Board (GASB) principles. Mr. Pun then explained a new GASB pronouncement applicable to MTS, GASB Statement No. 59, *Financial Instruments Omnibus*.

Mr. Ewin requested that Mr. Pun supply a summary of GASB pronouncements to the Audit Oversight Committee and the Board of Directors so that members can see what kind of accounting principles MTS staff is responsible for adhering to.

Action Taken

Mr. Ovrom moved to receive a report for information. Mr. Mathis seconded the motion, and the vote was 5 to 0 in favor.

4. MTS: Important Dates for the FY 2011 Audit

Linda Musengo, Finance Manager, reviewed the MTS proposed audit schedule for FY 2011.

MTS PROPOSED AUDIT SCHEDULE FY 2011

August 22	Field work begins
October 20	Draft CAFR presented to Audit Oversight Committee
November 3	Revised draft CAFR presented to Audit Oversight Committee
November 10	Final CAFR presented to Audit Oversight Committee
December 31	Final CAFR presented to Board

Action Taken

Mr. Roberts moved to receive a report for information. Mr. Mathis seconded the motion, and the vote was 5 to 0 in favor.

5. MTS: Review of Internal Audit Plan Development

Daniel Madzellan, Internal Auditor, gave the Committee a brief overview of the development of the internal audit plan.

Action Taken

Mr. Cunningham moved to receive a report on internal audit plan development. Mr. Mathis seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee communications.

D. PUBLIC COMMENTS

There were no public comments.

E. NEXT MEETING DATE

The next meeting will be held as called.

F. ADJOURNMENT

Chairman Ewin adjourned the meeting at 9:35 a.m.



Chairman

Attachment: Roll Call Sheet

**AUDIT OVERSIGHT COMMITTEE  
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) June 2, 2011

CALL TO ORDER (TIME) 9:00 AM

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

CLOSED SESSION \_\_\_\_\_

RECONVENE \_\_\_\_\_

ADJOURN 9:35 AM

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
EWIN (Chair) <input checked="" type="checkbox"/>		
YOUNG <input type="checkbox"/> (Lightner) <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>		
OVROM <input checked="" type="checkbox"/> (Janney) <input type="checkbox"/>		
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
MINTO <input type="checkbox"/> (Cunningham) <input checked="" type="checkbox"/>		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD: Valerie Vizkeleti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: Paul Co