

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

August 11, 2011

MINUTES

A. ROLL CALL

1. Chairman Ewin called the meeting to order at 9:02 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 June 2, 2011, Audit Oversight Committee meeting. Mr. Ovrom seconded the motion, and the vote was 6 to 0 in favor.

B. AUDIT OVERSIGHT COMMITTEE DISCUSSION ITEMS

1. Proposed 2011/2012 Internal Audit Plan

Daniel Madzelan, Internal Auditor, gave the Committee a report on the 2011/2012 Internal Audit Plan. He talked about the development of the audit plan and the MTS audit universe, which consists of 115 auditable entities. He also talked about his process in performing a risk assessment and 10 key risk-impact factors based on management surveying. Mr. Madzelan then talked briefly about the categories of risk likelihood and provided an assessment. He discussed his time allocation dedicated to performing internal audits and proposed a schedule of internal audits based on risk impact.

Discussion ensued and the Committee questioned the internal audit process should fraud be found. Mr. Jablonski explained that when fraud is discovered, the Audit Oversight Committee will be briefed in detail and the item will be taken to the Board of Directors.

The Committee expressed its concern over how Mr. Madzelan would articulate to the Board of Directors problems he may incur gathering information during an internal audit. Mr. Madzelan stated that he would notify General Counsel, Karen Landers, should there ever be difficulty. Mr. Jablonski commented that as General Counsel, Ms. Landers has the legal obligation to inform the Board of Directors and that Mr. Madzelan is an employee of the Board and therefore has the authority to go straight to the Board of Directors with any problems or concerns.

Action Taken

Mr. Roberts moved to receive a report on the proposed 2011/2012 Internal Audit Plan. Mr. Young seconded the motion, and the vote was 6 to 0 in favor.

C. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee communications.

D. PUBLIC COMMENTS

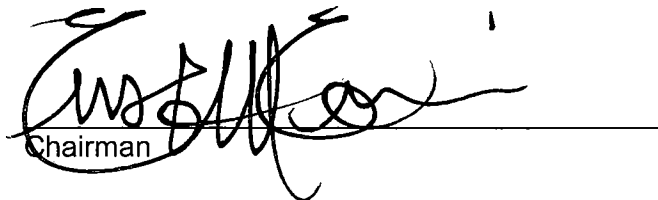
There were no public comments.

E. NEXT MEETING DATE

The next meeting will be held as called.

F. ADJOURNMENT

Chairman Ewin adjourned the meeting at 9:37 a.m.



Chairman

Attachment: Roll Call Sheet

**AUDIT OVERSIGHT COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) August 11, 2011

CALL TO ORDER (TIME) 9:02 AM

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 9:37 AM

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
EWING (Chair) <input checked="" type="checkbox"/>		
YOUNG <input checked="" 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 checked="" type="checkbox"/> (Cunningham) <input type="checkbox"/>		
Transportation Committee Rep Slot (Mathis)		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD:

Valerie Vizkeloti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

Allen Gaud