

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
AUDIT OVERSIGHT COMMITTEE
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

MINUTES

May 7, 2015

A. ROLL CALL

1. Chairman Ewin called the meeting to order at 10:02 a.m. A roll call sheet listing Audit Oversight Committee member attendance is attached.

2. APPROVAL OF MINUTES

Mr. Cunningham moved for approval of the minutes of the October 2, 2014, Audit Oversight Committee meeting. Mr. Mathis seconded the motion, and the vote was 4 to 0 in favor with Mr. Gloria and Mr. Roberts absent.

B. AUDIT OVERSIGHT COMMITTEE DISCUSSION ITEMS

1. Pun & McGeady Engagement Letter for the FY 2015 Audit (Erin Dunn)

Erin Dunn, Controller, provided a brief overview of the engagement letter for the FY 2015 audit. She stated that there are no substantial changes this year, however there could be a possible delay in the issuance of the report due to the new Governmental Accounting Standards Board (GASB) No. 68 requirements.

Chairman Ewin noted that MTS received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. He asked to have that information relayed to the Board members at their next meeting.

Action Taken

No action taken.

2. Proposed FY 2015 Audit Schedule (Erin Dunn)

Ms. Dunn stated that the interim fieldwork for the FY 2015 audit was completed on April 30, 2015. She reviewed the remaining proposed FY 2015 audit schedule dates. Chairman Ewin asked if subsequent events stay open until the audit report is completed. Kenneth Pun, with Pun and McGeady, replied that the subsequent events would stay open until the completion of the report. Chairman Ewin requested that the Board of Directors stay updated on the time frames of the audit.

Action Taken

No action taken.

3. Interim Audit (Erin Dunn and Ken Pun of Pun & McGeady, LLP)

Ms. Dunn stated that MTS had no findings or observations this year during the interim audit. Ken Pun, with Pun & McGeady, LLP, provided a presentation. He stated that his presentation combines both agenda item numbers 3, Interim Audit and 4, Report of GASB 68. Mr. Pun reviewed the Pun & McGeady project team, the scope of work for the audit and the agreed upon procedures, management's responsibilities, and the auditor's responsibilities. Mr. Pun also discussed the approach to the audit, planning and risk assessment, quality control review from the Department of Transportation (DOT), and deficiencies noted by the DOT. He clarified that the deficiencies noted by the DOT only reflect Pun & McGeady's audit paperwork and not MTS's audit results. Mr. Pun continued his presentation and provided a report on GASB Standards. Mr. Pun reviewed GASB Statements No. 68 and 71 and the impact on financial reporting and auditing. He reviewed the measurement date for the employer as it relates to the actuarial valuation, and reviewed the evidence obtained from the Plan for single, agent and cost sharing plans. Lastly, Mr. Pun provided an update on GASB Standards and selected future standards.

Action Taken

Ms. Bragg moved to receive the Interim Audit Report. Mr. Cunningham seconded the motion, and the vote was 4 to 0 in favor with Mr. Gloria and Mr. Roberts absent.

4. Report of GASB 68 - Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 (Ken Pun of Pun & McGeady, LLP)

This report was given concurrently with agenda item number 3, Interim Audit.

Action Taken

Ms. Bragg moved to approve Management and Pun & McGeady's recommendation to issue non-comparative financial statements for fiscal year 2015. Mr. Cunningham seconded the motion, and the vote was 4 to 0 in favor with Mr. Gloria and Mr. Roberts absent.

5. Internal Audit Activity Update Report (Toufic Tabshouri)

Toufic Tabshouri, Internal Auditor, provided a presentation on the internal audit activity report. He discussed the internal audit plan for FY2014-15 including Procurement, Information Technology and performance goals. Mr. Tabshouri commented that he is a member of four different auditing groups in which there is ongoing training and support. He also stated that he will be working on SDTC Revenue, MTS Security and Worker's Compensation audits. He reviewed other activities and statuses of those projects.

Action Taken

Mr. Cunningham moved to receive the Internal Audit activity update report. Ms. Bragg seconded the motion, and the vote was 4 to 0 in favor with Mr. Gloria and Mr. Roberts absent.

C. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no committee member communications and other business.

D. PUBLIC COMMENTS

There were no public comments.

E. NEXT MEETING DATE

The next Audit Oversight Committee meeting will be determined.

F. ADJOURNMENT

Chairman Ewin adjourned the meeting at 11:02 a.m.


Chairman

Attachment: Roll Call Sheet

