

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

## MINUTES

November 3, 2016

### 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. Mathis moved for approval of the minutes of the June 2, 2016, Audit Oversight Committee meeting. Ms. Bragg seconded the motion, and the vote was 5 to 0 in favor with Mr. Gloria absent.

### B. AUDIT OVERSIGHT COMMITTEE DISCUSSION ITEMS

1. Draft of Fiscal Year 2016 Comprehensive Annual Financial Report (CAFR) (Erin Dunn and Ken Pun and Gary Caporicci of The Pun Group)

Erin Dunn, Controller, introduced Ken Pun and Gary Caporicci with The Pun Group. Mr. Pun provided a presentation on the FY16 CAFR. He reviewed the management responsibilities, auditors' responsibilities and the audit approach. The Pun Group's audit approach included detailed planning; risk based review of internal controls over systems and compliance; validation of account balances; and review of financial statements and the issuance of the audit report opinion. Mr. Pun discussed the implementation of the new Enterprise Resource Planning (ERP) system, SAP Account Software. He stated that The Pun Group IT Specialists reviewed MTS's IT policy and IT security. Mr. Pun provided an overview of the financial statements. He reviewed the summary statements of net position; summary statements of revenues, expenses and changes in net position; and summary statements of cash flows. Mr. Pun discussed the key pension and OPEB information including the net pension liability; pension expenses; and other postemployment benefits plan schedule of funding progress. Lastly, he reviewed the audit results and noted that they had an unmodified opinion.

#### Action Taken

Mr. Roberts moved to receive a draft of the fiscal year (FY) 2016 CAFR for review and discussion. Mr. Mathis seconded the motion, and the vote was 6 to 0 in favor.

2. Proposed Revisions to MTS Board Policy No. 22 (Toufic Tabshouri & Ernie Ewin)

Chairman Ewin stated that he worked with Toufic Tabshouri, Internal Auditor, to make proposed revisions to MTS Board Policy No. 22. Mr. Tabshouri discussed the proposed changes to Policy No. 22 and noted the recommended substantive changes. Chairman Ewin stated that these changes are being proposed to provide clarity for the committee going forward.

Mr. Roberts commented that there should be wording added into the policy that states that questions can be revised as needed. Ms. Landers noted that additional language will be added to section 22.9.5 to state that the questions will be reviewed and updated as needed.

Action Taken

Mr. Gloria moved to approve proposed revisions to MTS Board Policy No. 22 and forward them to the MTS Board for approval. Ms. Bragg seconded the motion, and the vote was 6 to 0 in favor.

3. Internal Audit Activity Update Report (Toufic Tabshouri)

Mr. Tabshouri provided an update on internal audit activity. He stated that he completed two audits including organizational performance measures and management of trolley parts. He said that he also completed a Buy America audit, which is an FTA required audit. Mr. Tabshouri also noted there are no reportable items from the Fraud Hotline.

Action Taken

Mr. Roberts moved to receive the Internal Audit activity update report. Ms. Bragg seconded the motion, and the vote was 6 to 0 in favor.

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 meeting will be held as called.

F. ADJOURNMENT

Chairman Ewin adjourned the meeting at 9:55 a.m.

/s/ Ernest Ewin  
Chairman

Attachment: Roll Call Sheet

**AUDIT OVERSIGHT COMMITTEE**  
**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) November 3, 2016

CALL TO ORDER (TIME) 9:00 a.m.

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

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

RECONVENE \_\_\_\_\_

ADJOURN 9:55 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
EWIN (Chair) <input checked="" type="checkbox"/>	9:00 a.m.	9:55 a.m.
BRAGG <input checked="" type="checkbox"/> (Rios) <input type="checkbox"/>	9:00 a.m.	9:55 a.m.
MCCLELLAN <input checked="" type="checkbox"/> (McWhirter) <input type="checkbox"/>	9:00 a.m.	9:55 a.m.
GLORIA <input checked="" type="checkbox"/> (Cole) <input type="checkbox"/>	9:05 a.m.	9:55 a.m.
MATHIS <input checked="" type="checkbox"/>	9:00 a.m.	9:55 a.m.
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:00 a.m.	9:55 a.m.
Transportation Committee Rep Slot (Mathis)		

SIGNED BY THE CLERK OF THE BOARD: Julia Tuer

CONFIRMED BY THE GENERAL COUNSEL: Karen Cend