

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

## MINUTES

June 1, 2017

### 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 November 3, 2016 Audit Oversight Committee meeting. Ms. Cole seconded the motion, and the vote was 5 to 0 in favor with Mr. Roberts absent.

### B. AUDIT OVERSIGHT COMMITTEE DISCUSSION ITEMS

1. The Pun Group Engagement Letter for the Fiscal Year (FY) 2017 Audit (Erin Dunn)

Erin Dunn, Controller, stated that the engagement letter for the FY 2017 audit from The Pun Group, LLP is in substantially the same format as previous years. She noted that the engagement letter was included in the meeting packet.

Action Taken

No action taken.

2. Interim Audit (Erin Dunn and Ken Pun of The Pun Group, LLP)

Ken Pun, with The Pun Group, LLP, provided a presentation on the interim audit. He reviewed the project team, scope of work, management's responsibilities, and auditor's responsibilities. Coley Delaney, with The Pun Group, LLP, reviewed the approach to the audit, and planning and risk assessment process. Mr. Pun stated that based on the interim audit, they found that MTS is a low risk auditee.

Action Taken

Ms. Rios moved to receive the report on the interim audit work conducted by The Pun Group. Mr. McClellan seconded the motion, and the vote was 6 to 0 in favor.

3. Update on GASB 74 and 75, GASB 77, GASB 79, GASB 80, SAS 99 and SAS 114 (Ken Pun of The Pun Group, LLP)

Mr. Pun provided a presentation on recent updates to the Governmental Accounting Standards Board (GASB). He reviewed implementation details and scopes for GASB 74

(Financial Reporting for Postemployment Benefit Plans other than Pension Plans), GASB 75 (Accounting and Financial Reporting for Postemployment Benefits other than Pensions), GASB 77 (Tax Abatement Disclosures), GASB 79 (Certain External Investment Pools and Pool Participants) and GASB 80 (Blending Requirements for Certain Component Units). Mr. Pun noted that these new standards provide more accountability and transparency.

Ms. Dunn commented that MTS was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the eleventh year in a row.

Action Taken

Mr. McClellan moved to receive a report from The Pun Group regarding upcoming reporting and auditing changes. Ms. Rios seconded the motion, and the vote was 6 to 0 in favor.

4. Internal Audit Activity Update Report (Toufic Tabshouri)

Toufic Tabshouri, Internal Auditor, provided a report on internal audit activity. He discussed current audits including Supply Chain and Operations – Procurement Compliance; Supply Chain and Operations – Inventory Management; Supply Chain and Operations – Business Processes; and Performance Measures. He discussed other activities including the review of trolley revenue internal controls; Information Technology strategic plan; Stored Value – accuracy of liability; Supply Chain and Operations - Training and Consultation; and Business Continuity. Mr. Tabshouri also stated that there has been no reportable activity on the fraud hotline. He noted that he was contacted by a customer requesting assistance regarding potential fraud however MTS was not directly impacted by that incident. Lastly, Mr. Tabshouri reported that he recently passed the Certified Public Accountants (CPA) exam.

Action Taken

No action taken.

C. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no committee member 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 10:05 a.m.

/s/ Ernie Ewin  
Chairman

Attachment: Roll Call Sheet

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

ROLL CALL

MEETING OF (DATE) June 1, 2017

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

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

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

RECONVENE \_\_\_\_\_

ADJOURN 10:05 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
EWIN (Chair) <input checked="" type="checkbox"/>	9:00 a.m.	10:05 a.m.
COLE <input checked="" type="checkbox"/> (Gomez) <input type="checkbox"/>	9:00 a.m.	10:05 a.m.
MATHIS <input checked="" type="checkbox"/>	9:00 a.m.	10:05 a.m.
MCCLELLAN <input checked="" type="checkbox"/> (McWhirter) <input type="checkbox"/>	9:00 a.m.	10:05 a.m.
RIOS <input checked="" type="checkbox"/> (Salas) <input type="checkbox"/>	9:00 a.m.	10:05 a.m.
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:07 a.m.	10:05 a.m.
Transportation Committee Rep Slot (Mathis)		

SIGNED BY THE CLERK OF THE BOARD: Julia Tuer

CONFIRMED BY THE GENERAL COUNSEL: Paul C. [Signature]