

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

MINUTES

November 5, 2020

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased. Note that the meeting was conducted via webinar to comply with public health orders].

1. ROLL CALL

Chair Fletcher called the Audit Oversight Committee meeting to order at 9:01 a.m. A roll call sheet listing Audit Oversight Committee member attendance is attached.

2. APPROVAL OF MINUTES

Chair Fletcher moved to approve the minutes of the July 16, 2020 MTS Audit Oversight Committee meeting. Vice Chair Sotelo-Solis seconded the motion, and the vote was 4 to 0 in favor with Board Member Ward absent.

3. PUBLIC COMMENTS

There were no Public Comments.

COMMITTEE DISCUSSION ITEMS

4. Draft of Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR) (Erin Dunn with Ken Pun and Coley Delaney of the Pun Group)

Erin Dunn, MTS Controller, along with Ken Pun, Managing Partner, and Coley Delaney, Partner with the Pun Group, presented on the Fiscal Year (FY) 2020 CAFR. They outlined management and auditors' responsibilities, approach to the audit, overview of the financial statements, key pension Other Postemployment Benefits Plan (OPEB) information, audit results and Governmental Accounting Standards Board (GASB) upcoming standards and key research projects.

Action Taken

Chair Fletcher moved to receive the report. Board Member Salas seconded the motion, and the vote was 4 to 0 in favor with Board Member Ward absent.

5. Internal Audit Activity Update Report (Toufic Tabshouri)

Toufic Tabshouri, MTS Internal Auditor, provided a verbal report to the committee. Since July 16, 2020, he has evaluated two consultations for Karen Landers, MTS General Counsel, and Sharon Cooney, MTS Chief Executive Officer. Mr. Tabshouri also noted that in 2019, he analyzed an audit on overtime that evaluated four fiscal years. Due to the current operating environment, the findings are not relevant to the agency. He explained some findings are applicable and will be issuing a memo. Mr. Tabshouri plans to revisit the findings of the audit once operations stabilize, and he will also reperform some of the audit work. He also performed an audit on the For-Hire Vehicle Administration (formerly known as Taxicab Administration) with the objective of finding best regulatory practices, changes in the taxicab industry and disruption in its business model. He is assisting Samantha Leslie, who oversees the For-Hire Vehicle Administration department, in developing processes, policies and procedures, which he will report back to the committee. Mr. Tabshouri then discussed fraud investigations and explained

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that many of the allegations he receives on the fraud hotline are either unrelated to MTS or not worth investigating. Mr. Tabshouri continued that he did receive a fraud allegation that was investigated, but required additional mechanical expertise. He concluded the allegations were not substantiated and determined there were enough internal controls and external regulatory oversight of the area in question to reduce risks of a problem.

Action Taken

Informational item only. No action taken.

OTHER ITEMS

6. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There was no Committee Member Communications and Other Business discussion.

7. NEXT MEETING DATE

The next Audit Oversight Committee meeting is to be determined.

8. ADJOURNMENT

Chair Fletcher adjourned the meeting at 9:24 a.m.

/S/ Nathan Fletcher

Chairperson

San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
AUDIT OVERSIGHT COMMITTEE

ROLL CALL

MEETING OF (DATE): November 05, 2020 CALL TO ORDER (TIME): 9:01 am
RECESS: _____ RECONVENE: _____
CLOSED SESSION: _____ RECONVENE: _____
PUBLIC HEARING: _____ RECONVENE: _____
ORDINANCES ADOPTED: _____ ADJOURN: 9:24 am

BOARD MEMBER		(Alternate)		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ARAMBULA	<input checked="" type="checkbox"/>	(Hall)	<input type="checkbox"/>	9:01 am	9:24 am
FLETCHER (Chair)	<input checked="" type="checkbox"/>	(Cox)	<input type="checkbox"/>	9:01 am	9:24 am
SALAS	<input checked="" type="checkbox"/>	(Sandke)	<input type="checkbox"/>	9:01 am	9:24 am
SOTELO-SOLIS	<input checked="" type="checkbox"/>	(Vice Chair – no alternate)	<input type="checkbox"/>	9:01 am	9:24 am
WARD	<input type="checkbox"/>	(Montgomery)	<input type="checkbox"/>	-	-

SIGNED BY THE CLERK OF THE BOARD: /S/ Dalia Gonzalez

CONFIRMED BY THE GENERAL COUNSEL: /S/ Karen Landers