

MINUTES

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM AUDIT AND OVERSIGHT COMMITTEE

July 14, 2022

[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 9:03 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 November 4, 2021, MTS Audit Oversight Committee meeting. Board Member Hall seconded the motion, and the vote was 7 to 0 in favor.

3. Public Comments

There were no Public Comments.

COMMITTEE DISCUSSION ITEMS

4. The Pun Group Engagement Letter for The Fiscal Year (FY) 2022 Audit (Erin Dunn)

Erin Dunn, MTS Controller, introduced the item. Ken Pun and Coley Delaney with the Pun Group presented on The Pun Group Engagement Letter for The FY 2022 Audit. They outlined: the scope of work, management's responsibilities, auditors' responsibilities, approach to the audit, interim audit procedures, interim audit results, significant transactions for 2022, implementation of significant new GASB standards.

Action Taken

Informational item only. No action taken.

5. Interim Audit (Erin Dunn With Ken Pun and Coley Delaney of the Pun Group)

Ms. Dunn introduced the item. Ken Pun and Coley Delaney presented on the Interim Audit. They outlined the following items: Procedures, results, significant transactions and implementation of significant new GASB standards.

Board Member Sandke asked about how GASB 87 impacted MTS's Transit Oriented Development leases and how it would affect the agency's financial standing.

Ms. Dunn replied that the agency will not receive revenue for those this year and thus will not appear on this year's financials. Occupancy will trigger a revenue for the agency, and the agency does not expect to see any income until August or September of 2023.

Board Member Sandke replied that GASB reporting tends to not favor the agency. He cited the unfunded pension liabilities on balance sheets and how that impacted several agencies. He asked staff how they anticipated this reporting would make the agency look.

Ms. Dunn explained that the impacts would be positive, however; because they are minimal, it will not show as a significant impact.

Board Member Hall asked about the artificial intelligence software and how it would be used.

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Mr. Coley relied that the software has been used for various years at the agency. In its initial implementation, the software was used as a pilot to obtain five years' worth of transaction detail in The Pun Group's system to show case account relationships, statistical anomalies, expense queries and creates an additional layer of review.

Action Taken

Chair Fletcher moved to receive the report on the interim audit work conducted by The Pun Group. Board Member Sandke seconded the motion, and the vote was 7 to 0 in favor.

6. Internal Audit Activity Update Report (Toufic Tabshouri)

Toufic Tabshouri, MTS Internal Auditor presented on Internal Audit Activity Update Report. He discussed: audit planning process, planned audits for calendar year 2022, triennial review, fraud prevention and investigations.

Board Member Salas stated that she was proud of the agency for taking a pro-active policy assessment.

Action Taken

Informational item only. No action taken.

OTHER ITEMS

7. Committee Member Communications and Other Business

There was no Committee Member Communications and Other Business discussion.

8. Next Meeting Date

The next Audit Oversight Committee meeting is to be determined.

9. Adjournment

Chair Fletcher adjourned the meeting at 9:35 a.m.

/S/ Alejandra Sotelo-Solis

For Chairperson

San Diego Metropolitan Transit System

/S/ Dalia Gonzalez

Clerk of the Board

San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
AUDIT OVERSIGHT COMMITTEE

ROLL CALL

MEETING OF (DATE):	<u>July 14, 2022</u>	CALL TO ORDER (TIME):	<u>9:03 am</u>
RECESS:		RECONVENE:	
CLOSED SESSION:		RECONVENE:	
PUBLIC HEARING:		RECONVENE:	
ORDINANCES ADOPTED:		ADJOURN:	<u>9:35 am</u>

REPRESENTATIVE	BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
County	FLETCHER (Chair)	<input checked="" type="checkbox"/> (Vargas) <input type="checkbox"/>	9:03am	9:35am
Vice Chair	SOTELO-SOLIS	<input checked="" type="checkbox"/> (no alternate) <input type="checkbox"/>	9:03am 9:18am	9:14am 9:35am
City of San Diego	ELO-RIVERA	<input checked="" type="checkbox"/> (Montgomery Steppe) <input type="checkbox"/>	9:03am	9:35am
East County	HALL	<input checked="" type="checkbox"/> (Frank) <input type="checkbox"/>	9:03am	9:35am
SANDAG Transportation Committee	MORENO	<input checked="" type="checkbox"/> (Aguirre) <input type="checkbox"/>	9:03am	9:35am
Chair Pro Tem	SALAS	<input checked="" type="checkbox"/> (no alternate) <input type="checkbox"/>	9:03am	9:35am
South Bay	SANDKE	<input checked="" type="checkbox"/> (Aguirre) <input type="checkbox"/>	9:03am	9:35am

SIGNED BY THE CLERK OF THE BOARD:

/S/ Dalia Gonzalez