

**SAN MATEO COUNTY TRANSIT DISTRICT (DISTRICT)
1250 SAN CARLOS AVENUE, SAN CARLOS, CALIFORNIA**

**MINUTES OF AUDIT COMMITTEE MEETING
DECEMBER 11, 2017**

Committee Members Present: C. Groom (Committee Chair), J. Gee, R. Guilbault (via telephone from 6230 Paseo Zaldivar, Tucson, AZ)

Staff Present: C. Mau, J. Cassman, D. Hansel, R. Lobo, M. Martinez, L. Millard-Olmeda

Others Present: Ahmad Gharaibeh, Vavrinek, Trine, Day & Co., LLP

Call to Order

Committee Chair Carole Groom called the meeting to order at 11:03 am.

Roll Call

A quorum was present.

Public Comment

None.

Approval of Audit Committee Minutes of January 25, 2017

Motion/Second: Gee/Guilbault

Ayes: Gee, Guilbault, Groom

Vote: 3-0

Scope of the Fiscal Year 2017 Audit

Ahmad Gharaibeh, Partner, Vavrinek, Trine, Day & Co., LLP, stated the Fiscal Year 2017 audit had been completed. He noted that while there were some exceptions noted in the 2016 report and that adjustments needed to be made to the financial statements due to the upgrade of the agency's PeopleSoft financial software, many of the issues have been resolved and a clean opinion would be issued for the 2017 audit. Mr. Gharaibeh added that the District staff was instrumental in resolving the reconciliation of the cash and other pending items.

Status of the Findings Noted in the Fiscal Year 2016 Audit

Mr. Gharaibeh stated the issues in the Fiscal Year 2016 audit regarding not having cash reconciled, which in turn stalled the ability to issue timely bills and collect receipts, have been addressed and resolved. The upgrade to the PeopleSoft financial software has been upgraded and resolved many of those issues noted in the 2016 audit.

He noted that the 2017 audit has not been completed and that the firm would continue to work closely with District staff on completing the audit but most likely the prior findings would be removed from the report since the changes have already been implemented.

Mr. Gharaibeh noted the work that needs to be accomplished with respect to implementing controls for a better tie-in across the three agencies under the SamTrans umbrella and distribute expenses across the funding sources.

Directors Gee and Groom discussed the liquidation of liens and encumbrances, which have been accomplished.

Status of the Accounts Receivables and Grants Billing

In response to Director Gee's inquiry regarding business optimization and processes, Chief Financial Officer Derek Hansel responded that not all of the modules in PeopleSoft are being utilized, which was by design from the beginning of the implementation. However, he stated those processes are currently being reviewed through a new "business process restructuring", whereby staff is reviewing its processes and re-implementing pieces of the software for better efficiency. He stated the next steps include working with a solutions architect to identify how to better integrate on the back-end of the business and include staff training on these new processes in the software. He stated that the system will eventually be fully-integrated and useful across the organizations.

Discussion ensued regarding the billing out to the other agencies for what is owed to SamTrans for operational costs. Mr. Hansel acknowledged that payment is due from the Peninsula Corridor Joint Powers Board (JPB) to SamTrans for its operational costs in running the JPB.

Director Gee inquired about the management of cash handling - from the farebox to the bank for deposit. Mr. Gharaibeh stated that the reconciliation of cash receipts from farebox and ticket vending machines is done on a timely basis and there are no issues of note.

Mr. Hansel thanked his staff for their hard work in addressing all of the issues in the audit, expressed gratitude to senior management for the additional resources in getting issues resolved, and to Mr. Gharaibeh and his team, who were supportive in the process.

Directors Gee, Guilbault and Groom thanked staff for their great efforts in working on the numerous issues.

Mr. Hansel offered to meet with the audit committee again in the new year.

Adjourn

The meeting adjourned at 11:25 am.