

AUDIT COMMITTEE

Thursday, November 3, 2011

MINUTES

CALL TO ORDER

The Regular Meeting of the Audit Committee was called to order at 4:40 p.m. by Chairperson Herrera in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status
Rose Herrera	Chairperson	Present
Sam Liccardo	Member	Present
Chuck Page	Member	Absent
Ken Yeager	Vice Chairperson	Absent

A quorum was not present and a Committee of the Whole was declared.

2. PUBLIC PRESENTATIONS

There were no public presentations.

3. ORDERS OF THE DAY

There were no Orders of the Day.

CONSENT AGENDA

4. Regular Meeting Minutes of May 5, 2011

On order of Chairperson Herrera and there being no objection, the Committee of the Whole deferred the regular meeting Minutes of May 5, 2011.

REGULAR AGENDA

5. 2012 Audit Meeting Schedule

On order of Chairperson Herrera and there being no objection, the Committee of the Whole deferred the 2012 Audit Committee Meeting Schedule.

Agenda Items #6 and #7 were heard together.

Agenda Items #6 through #7

6. **Comprehensive Annual Financial Report and Amalgamated Transit Union Pension Plan**

7. **Other Post Employment Benefits**

Leonard Danna, Vavrinek, Trine, Day & Company, LLP (VTD), provided a brief report on the Comprehensive Annual Financial Report, Amalgamated Transit Union Pension (ATU) plan and the Other Post Employment Benefits (OPEB) report. The Committee of the Whole discussed and provided comment on the following: 1) ATU and OPEB pension funding, 2) Surplus income, 3) AdHoc Committee recommendations and Harvey Rose Audit, 4) Ratio of retirees to workforce, and 5) Proprietary funds.

The Committee of the Whole reviewed Agenda Items #6 through #7 as follows:

On order of Chairperson Herrera and there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to review and receive the audited Comprehensive Annual Financial Report for the Santa Clara Valley Transportation Authority, and the Santa Clara Valley Transportation Authority Amalgamated Transit Union Pension Plan Report for Fiscal Year 2011.

On order of Chairperson Herrera and there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to review and receive the Audited Financial Report for Fiscal Year 2011 of the Santa Clara Valley Transportation Authority Retirees' Other Post Employment Benefits Trust (Trust).

8. **Fraud Risk Assessment**

Greg Thomas, Auditor General, Deloitte & Touche, provided an overview of the Fraud Risk Assessment report.

The Committee of the Whole reviewed and received the Auditor General's report on Fraud Risk Assessment.

9. **Silicon Valley Rapid Transit (SVRT) Contract Compliance Internal Audit**

Mr. Thomas provided an overview of the SVRT Contract Compliance Internal report.

On order of Chairperson Herrera and there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to review and receive the Auditor General's follow-up report on the implementation status of management's action plans contained in the SVRT Contract Compliance Internal Audit.

10. **Paratransit Provider Contract Compliance.**

Farah Faruqui, Partner, Deloitte & Touche, provided a brief report on the Paratransit Provider Contract Audit.

Jim Unites, Deputy Director Operations, referred to the recommendation that staff provide the Board with information to benchmark Outreach Paratransit's performance versus its peers. He clarified peer group analysis information was provided to the Board during the previous contract negotiation.

Ms. Faruqui stated the report was completed before auditors were made aware of the discrepancy, and it will be corrected before the item is presented to the Board.

On order of Chairperson Herrera and there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to review and receive the Auditor General's internal audit report on Paratransit Provider Contract Compliance.

11. Internal Audit Work Plan

Mr. Thomas provided a brief overview of the Internal Audit Work Plan report.

On order of Chairperson Herrera and there being no objection, the Committee of the Whole received an update from Auditor General staff on the status of the audits in the current Internal Audit Work Plan.

OTHER ITEMS

12. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

13. Committee Work Plan

On order of Chairperson Herrera and there being no objection, the Committee of the Whole reviewed the Committee Work Plan.

14. Committee Staff Report

There was no Staff Report.

15. Chairperson's Report

There was no Chairperson's Report.

16. Items for the Consent Agenda

Items forwarded to the December 8, 2011 Board of Directors' meeting:

CONSENT

Agenda Item #6., Review and receive the audited Comprehensive Annual Financial Report for the Santa Clara Valley Transportation Authority, and the Santa Clara Valley Transportation Authority Amalgamated Transit Union Pension Plan Report for Fiscal Year 2011.

Agenda Item #7., Review and receive the Audited Financial Report for Fiscal Year 2011 of the Santa Clara Valley Transportation Authority Retirees' Other Post Employment Benefits Trust (Trust).

REGULAR

None

Items forwarded to the February 2, 2012 Board of Directors' meeting:

CONSENT

Agenda Item #8., Review and receive the Auditor General's report on Fraud Risk Assessment.

Agenda Item #9., Review and receive the Auditor General's follow-up report on the implementation status of management's action plans contained in the SVRT Contract Compliance Internal Audit.

Agenda Item #10., Review and receive the Auditor General's internal audit report on Paratransit Provider Contract Compliance.

REGULAR

None

17. ANNOUNCEMENTS

There were no announcements.

18. ADJOURNMENT

On order of Chairperson Herrera and there being no objection, the Committee meeting was adjourned at 5:25 p.m.

Respectfully submitted,

Menominee L. McCarter, Board Assistant
VTA Office of the Board Secretary