



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

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TO: Administration Committee

DATE: April 4, 2007

FR: Executive Director

W.I.:

RE: Creation of Ad Hoc Audit Committee

Staff recommends the creation of an ad hoc audit committee consisting of the Chair of MTC and the Chairs of MTC Administration, BATA Oversight, and MTC SAFE Operations Committees. The ad hoc audit committee generally would meet once a year as part of the “exit conference” with MTC’s independent auditors. It also would assist in the evaluation and selection of outside auditing firms.

Audit committees, as a formal part of an oversight board, are a common practice with investor owned companies though much less common in the government sector. Recent changes in auditing standards (SAS 112) have brought the private sector internal control reviews to the government sector. Best practices developed both by the Government Finance Officers Association (GFOA) and Governmental Accounting Standards Board (GASB) recommend the creation of an audit committee similar in responsibility to investor owned companies, to meet directly with the auditors to discuss any potential internal control findings.

The role of the ad hoc audit committee is to provide independent review and oversight of MTC’s financial reporting process. The committee will meet with the external auditors to discuss matters of internal control and review the financial statements. The external auditors will report to the ad hoc audit committee who will review audit findings and resolutions and present these findings, along with the financial statements, to the Committee and the full Commission for acceptance.

Staff recommends that this Committee establish an ad hoc audit committee as described above.

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Steve Heminger

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