

**ACTA Audit Committee Meeting
Long Beach City College
December 13, 2018
8:45 a.m.**

Members present:

Janice Hahn, Los Angeles County (LACMTA)
Ed Renwick, (POLA) – presided as Chair

Alternate Member present:

Duane Kenagy, (POLB)

Also present:

John T. Doherty, ACTA, Chief Executive Officer
James P. Preusch, ACTA, Chief Financial Officer
Heather McCloskey, Los Angeles Deputy City Attorney, ACTA Co-General Counsel
Marla Bleavins, POLA, Deputy Executive Director and Chief Financial Officer, ACTA Treasurer
Maria Melendres, ACTA, Board Secretary
Trang Nguyen, ACTA, Principal Accountant
April See, ACTA, Controller
Olga Darlington, Partner, Moss Adams LLP
Matt Parsons, Senior Manager, Moss Adams LLP
(other unidentified members of the public)

Roll Call

Chair Renwick called the meeting to order at 9:05 a.m.

Opening statement

The opening statement was read by Board Secretary Melendres.

Approval of the Minutes

Mr. Kenagy moved to approve the minutes of the November 9, 2017 meeting, seconded by Member Hahn. Carried by the following vote:

AYES: Hahn, Kenagy, Renwick
ABSTAIN:
NOES:
ABSENT:

Audit Committee Agenda

ITEM 2 – Moss Adams discussion of Audited Financial Statements for FYE June 30, 2018 and Single Audit

- Ms. Olga Darlington, Partner for Moss Adams LLP (Moss Adams) presented the 2018 Audit Results, including the Auditor Report on the Financial Statements and Single Audit Reports.

Auditor Opinions and Reports

- In the Auditor Report on the Financial Statements, Ms. Darlington stated that they had issued an unmodified opinion on the financial statements, which were presented fairly and in accordance with US GAAP.
- In addition, the Single Audit Reports which includes the following: 1) GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters indicated no financial reporting finding or compliance findings; and 2) Report on Compliance with Requirements that could have a Direct and Material Effect on Major Federal Programs and on Internal Control Over Compliance in accordance with Uniform Guidance for Federal Awards (2 CFR Part 200) also indicated no control finding or compliance findings.

Communication with Those Charged with Governance

- Ms. Darlington highlighted the areas of audit emphasis focusing on internal controls to issue the report on Yellow Book.
- Ms. Darlington reviewed management estimates. This involves the evaluation of investments, net pension liability and net OPEB asset. She stated that OPEB asset is a new standard implemented in the current year. Even though there is a different accounting for it, it did not result in a significant impact on the financial statements.
- Ms. Darlington stated that the debt activity for the year was reviewed to make sure that payments are being made on the outstanding debt.
- Ms. Darlington also stated that time was spent testing revenue via confirmations with the railroads as well as cash proof to assure all bills to the railroads have been collected.
- Under the Single Audit, Ms. Darlington stated that one major federal program was tested for the U.S. DOT Highway Planning and Construction Cluster for \$1.5 million. There were no findings.
- Ms. Darlington stated that the audit went well with no unexpected issues. She said that only one new standard was implemented in the current year, BASB Statement No. 75 for Postemployment Benefits.
- Ms. Darlington added that procedures were performed to address the risk of fraud and there were no issues to report.
- Ms. Darlington concluded her presentation on the required communications and stated that upcoming accounting pronouncements were included for information.
- Chair Renwick thanked Moss Adams for the presentation.

- Chair Renwick asked to confirm that Moss Adams had his contact information and asked that they contact him directly if there were any issues during the audit. Ms. Darlington responded that Moss Adams had contact information for all audit committee members and that the committee would be contacted if there were any issues during the audit.

ITEM 3 – Review of Completed Audits

- Mr. Preusch provided a summary of the completed audits.
- Member Hahn asked why there was an overbilling of \$25,000. Mr. Preusch responded that in some cases there were overbillings and some underbillings. This occurs due to the firm’s estimate of billing rates and work performed at the beginning of each year. Adjustments are made by paying any overbilling or by the reduction of subsequent billing for underbilling.

ITEM 4 – FY 2019-2020 Audit Plan

- Mr. Preusch provided the Committee an Updated Audit Plan for the FY 2019-2020.

Member Kenagy recommended that the FY 2018-19 be approved as submitted, seconded by Supervisor Hahn. Carried by the following vote:

YES: Hahn, Kenagy, Renwick
 NOES:
 ABSENT:

ITEM 5 – ACTA Succession Planning – Preliminary Report

- Mr. Doherty provided an update on the request by the Committee to develop an ACTA Succession Planning Report.
- Mr. Doherty stated that preliminary information was prepared for review and recommendation. The Succession Planning Preliminary Report defines and describes ACTA Officer and non-officer positions, discusses identifying candidates to fill those positions, provides a list of ACTA positions and representative duties as well as a sample task status report.
- Chair Renwick emphasized the importance of having an identified interim solution for vacant positions. He stated that he wanted to make sure all critical processes for the positions were identified as well.
- Member Kenagy recommended that the report be reviewed with the ports staff to assist in filling interim vacant positions.
- Co-General Counsel Heather McCloskey stated that she reviewed the ACTA Policies and Procedures Manual and asked for the direction of the Committee to update the manual. She recommended engaging an outside legal firm with employment expertise through an RFP process.
- Member Hahn recommended that the Los Angeles City Attorney’s Office be contacted before going out with an RFP. If there is no expertise at the City Attorney’s Office then the item can be brought back to the Committee for further discussion.

- After further discussion by the Committee on succession planning, Chair Renwick recommended that the item be taken to the Governing Board for discussion in closed session.

ITEM 6 – Public Comment

No members of the public addressed the committee.

ITEM 6 – Adjournment

The Audit Committee meeting was adjourned at 9:48 a.m.