

**SOUND TRANSIT
AUDIT AND REPORTING SUBCOMMITTEE
March 8, 2006 Meeting Summary**

Board members in attendance: Fred Butler (Chair), Mary-Alyce Burleigh, Dave Enslow, Richard Marin

Other members in attendance: Kathy Elias

Chair Butler called the meeting to order at 9:02 am.

1. Introduction

Chief Financial Officer Hugh Simpson announced that today's meeting will focus on the agency's annual financial and subarea reports that the auditors from KPMG are working on.

2. Review Engagement Letters

Comptroller Kelly Priestley reviewed the letters, describing their purpose as setting out the terms of engagement between the external auditors and Sound Transit.

Mr. Simpson added that the base contract with KPMG is approaching expiration; there are two one-year options to extend contained in the contract, the committee and staff will need to discuss and decide if they want to exercise those options as they move forward.

3. 2005 Interim Audit Update

Ms. Priestly gave an update on the state audit; due to some organizational shuffling, she cautioned that the State Auditors Office may begin their audit a bit later than usual. However, it still should be completed around November. She also described some of the other audits and reports included in today's packet. Mr. Simpson described the state audit process to the committee.

Karissa Lackey and Tim McCann (via teleconference) from KPMG presented the fiscal year 2005 Financial Statement Audit Plan. It is anticipated that the audit will be completed in April.

Mr. Simpson requested that if any committee members wish to have certain components audited, please notify staff so that it can be incorporated into the scope of work. Otherwise, if it is added later, it will be considered a change order and require additional funds.

4. Annual Pension and Deferred Compensation Update

Mr. Simpson updated the committee on the annual pension and deferred compensation programs that are provided to staff as part of their benefits package.

5. Quarterly Reports

Hugh Simpson, Brian McCartan, and Pete Rogness presented the 4th Quarter reports to the subcommittee.

6. Next Meeting

Mr. Simpson announced that the next Audit and Reporting Subcommittee meeting is scheduled for May 18.

Chair Butler adjourned the meeting at 10:39 a.m.