



Management / Financial Advisory Committee Hampton Roads Transit

Monday, November 5, 2018 • 1:30 p.m.
2nd Bldg. 1, Rooms 226 & 227 • 509 E 18th Street, Norfolk, VA
23504

MEETING MINUTES

Committee members in attendance:

Brian DeProfio, City of Hampton-Chair
Lauren DiEugenio, City of Norfolk
Amy Inman, City of Norfolk
Brian Solis, City of Virginia Beach
Jessica Denise, City of Norfolk
Constantinos Velissarios, City of Newport News
Lisa Cipriano, City of Newport News
Angela Hopkins, City of Newport News
Carl Jackson, City of Portsmouth
Steven Jenkins, City of Chesapeake
Cheryl Spivey, City of Portsmouth
Karl Daughtrey, City of Hampton

Hampton Roads Transit Staff in attendance:

Sylvia Shanahan, Director of Finance
Brenda Green, Accounting Coordinator
Ashely Johnson, Budget Analyst III (recorder)
Debbie Ball, Assistant Director of Finance
Keisha Branch, Grants Administration and DBE Officer
Margaret Denoncourt, Internal Auditor
Conner Burns, Chief Financial Officer
Brandon Singleton, Assistant Director of Budget and Financial Analysis
Angela Glass, Director of Budget and Financial Analysis
Gene Cavasos, Director of Marketing and Communications
Ray Amoruso, Chief Planning and Development Officer
Robert Travers, Attorney
Alesia Cain, Chief Information Officer/Chief Technology Officer
Sheri Dixon, Manager of Revenue Services
Jim Price, Chief Transit Operations Officer
William Harrell, President and Chief Executive Officer

Others in attendance:



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Call to order

Brian DeProfio, Chair, City of Hampton, called the meeting to order at 1:34 pm.

The October 2018 Management/Financial Advisory Committee (MFAC) package was distributed electronically to committee members in advance of the meeting. The meeting package consisted of:

- Agenda
- October 2018 MFAC Meeting Minutes

Welcome

Mr. DeProfio welcomed everyone to the meeting.

There were some typos noted in the September meeting minutes. Conner Burns, Chief Financial Officer, stated that the corrections can be made and sent back out to the committee. The September meeting minutes were approved.

Review of the TSP

Mr. Burns welcomed everyone to the meeting.

Mr. Burns reminded everyone of the upcoming deadline of November 15, 2018. All of the cities should submit their Transportation Service Plans (TSP) to HRT for consideration in the FY2020 budget cycle. HRT staff has already met with a few of the cities.

Brian Solis, City of Virginia Beach, thanked Ray Amoruso, Chief Planning and Development Officer, and his staff for providing a cost estimate for routes in the Transit Development Plan.

There was some additional discussion on the submission of the TSP's.



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Summary of the Financial Management Oversight (FMO) Full Scope Systems Review

Mr. Burns provided an update on the Financial Management Oversight Review. HRT received the final report on September 28, 2018 from the Federal Transportation Authority (FTA). The report is approximately forty pages long, so a summary of the highlights were provided. The period reviewed was from March 2017 to March 2018.

Mr. Burns gave a summary of the three types of findings that an agency can receive from FTA during an FMO Review:

- Material Weakness – The most significant of the findings. On one or more occasion it was found that some internal controls were not in line with what the FTA would like.
- Significant Deficiency – Is not as critical as a Material Weakness, however it is something that needs to be implemented, reported and worked on.
- Advisory Comment – These typically don't involve finance , but other areas of the agency.

Each finding renders a recommendation and a timeline of when FTA requires the recommendation to be implemented.

Mr. Burns reviewed each Material Weakness and Significant Deficiency, the corrective actions, HRT's current status and whether the finding has been resolved.

Material Weaknesses:

1. Unliquidated obligations not tracked or properly reported in Federal Financial Reports (FFRs)
2. Accounts Payable records reflect unreconciled amounts.

Significant Deficiencies:

1. Financial Management Policies and Procedures not adequately documented.
2. Inadequate controls over physical count of FTA funded assets.

Advisory Comments:

1. Procedures for monitoring sub-receipts should be improved.



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2. Preventative maintenance not performed as required.
3. Information Technology (IT) risk assessment not performed.
4. System access form missing authorizing signature.

There was some discussion on being required to use a third party to conduct the inventory counts versus internal staff. William Harrell, President and CEO, stated that HRT will get clarification and will also send out the full report to committee members.

There was some additional discussion on the findings and HRT's response.

Action item: Clarification on using a third party to conduct the inventory counts.

Discussion on a Projection Model

Mr. Burns stated that he will develop a projection model to present to the committee. Mr. DeProfio has volunteered to assist, one more member is needed.

Mr. DeProfio asked that Mr. Burns provide an outline for the group of what the areas of concern are and what assumptions will need to be made in the projection model.

Mr. Burns stated that he is comfortable with the revenue projections, but he had some reservations on projecting expenses without the benefit of a reserve/rainy day fund.

There was some additional discussion on the expenses and projecting them over the course of the year.

DRPT FMO Review

As requested by the committee, Mr. Burns reviewed items one through twelve on the DRPT FMO Review report dated April 2018. Mr. Burns review included updates on the status of each of the twelve items.

There was some additional discussion on each on the findings and management updates.

The remaining findings will be discussed at the December MFAC meeting.

Other Business

Mr. DeProfio requested more time to review the options for the additional state funding to determine a resolution to recommend to the Commission.



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It was also requested to add the discussion of an operating budget document to the future agenda.

Lisa Cipriano, City of Newport News, requested to have a discussion added to the next agenda to review the relationship between MFAC and the Audit and Budget Committee so that information is disseminated properly between each committee.

Carl Jackson, City of Portsmouth, introduced Cheryl Spivey, Chief Financial Officer, as the new MFAC financial representative for Portsmouth.

Review of Action Items:

1. Clarification on using a third party to conduct the inventory counts.

Adjournment

The meeting was adjourned at 3:04 p.m.