



## Meeting of the Audit & Budget Review Committee of Hampton Roads

Thursday, October 25, 2018 • 12:30 p.m.  
2nd Floor Board Room • 509 E 18<sup>th</sup> Street, Norfolk, VA 23504

### MEETING MINUTES

#### **Commissioners in attendance:**

Commissioner Hunter, City of Portsmouth-Chair  
Commissioner Parnell, City of Norfolk  
Commissioner Ross-Hammond, City of Virginia Beach  
Commissioner Rowe, City of Portsmouth  
Commissioner Woodbury, City of Newport News  
Commissioner Wood, City of Virginia Beach  
Commissioner Gray, City of Hampton

#### **Alternate Commissioners in attendance:**

Commissioner Cipriano, City of Newport News  
Commissioner Sorey, City of Chesapeake  
Commissioner Jackson, City of Portsmouth  
Commissioner DeProfio, City of Hampton

#### **Hampton Roads Transit Staff in attendance:**

Gene Cavasos, Director of Marketing and Communications  
Brenda Green, Accounting Coordinator  
Ashley Johnson, Budget Analyst (recorder)  
Angela Glass, Director of Budget and Financial Analysis  
William Harrell, President and Chief Executive Officer  
Conner Burns, Chief Financial Officer  
Sylvia Shanahan, Director of Finance  
Keshia Branch, Grants Administration and DBE Officer  
Brian Smith, Chief of Staff  
Margaret Denoncourt, Internal Auditor  
Shanti Mullen, Auditor I  
Ray Amoruso, Chief Planning and Development Officer  
Robert Travers, Attorney  
Sheri Dixon, Manager of Revenue Services  
Sonya Luther, Director of Procurement  
Fevrier Valmond, Sr. Contract Specialist  
Sibyl Pappas, Chief Engineering and Facilities Officer  
Luis Ramos, Sr. Executive Assistant  
Kim Ackerman, Chief Human Resources Officer



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Brandon Singleton, Assistant Director of Budget and Financial Analysis  
Williams Collins, Facilities Maintenance Manager  
Jim Price, Chief Transit Operations Officer  
Alesia Cain, Chief Information Officers/Chief Technology Officer  
Amy Braziel, Sr. Executive Assistant  
David Burton, General Counsel  
Debbie Ball, Assistant Director of Finance  
Mike Perez, Operations Project and Contract Administrator

### **Others in attendance:**

Amy Inman, City of Norfolk  
Constantinos Velissarios, City of Newport News  
Janice Taylor, Paratransit -Chairwoman  
Ina Kreps, Paratransit Customer  
Julie Chop, City of Portsmouth

### **Call to Order**

Commissioner Hunter called the meeting of the Audit & Budget Review Committee (ABRC) to order at 12.32 pm.

The October 2018 Audit & Budget Review Committee meeting package was distributed electronically to the ABRC and Commissioners in advance of the meeting. The meeting package consisted of:

- Meeting Agenda
- Minutes of the May 2018 Meeting

### **Approval of May 21, 2018 ABRC Meeting Minutes:**

A motion to approve the May 21, 2018 Audit & Budget Review Committee (ABRC) meeting minutes was made and properly seconded. A vote resulted the following:

The May 21, 2018 meeting minutes were approved



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

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting.

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

Mr. Burns gave a summary of the three types of findings that an agency can receive from the 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 or accounting, 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.



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### Advisory Comments:

1. Procedures for monitoring sub-receipts should be improved.
2. Preventative maintenance not performed as required.
3. Information Technology (IT) risk assessment not performed.
4. System access form missing authorizing signature.

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

### **Summary of the September FY19 Financial Statement**

The September Financial Statement will be presented at the Commission meeting directly following the Audit and Budget Review Committee.

### **Other Matters**

There were no other matters to be discussed.

### **Adjournment**

With no further business to discuss, the October 25, 2018 Audit & Budget Review Committee meeting was adjourned at 12:50 pm by Commissioner Hunter.