



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

Monday, October 23, 2023, • 10:00 a.m.  
2<sup>nd</sup> Floor Board Room, 509 East 18<sup>th</sup> Street, Norfolk, VA  
**Virtual Conference**

## MEETING MINUTES

### **Call to Order**

Jimmy Gray, Chair – City of Hampton, welcomed everyone and called the meeting to order at 10:01 am.

Attendance was taken for the meeting.

### **Commissioners in attendance In-person:**

Commissioner Glover, City of Portsmouth

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

Commissioner Gray, City of Hampton  
Commissioner Houston, City of Norfolk

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

Commissioner Cipriano, City of Newport News  
Commissioner Velissarios, City of Newport News

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

Brian Smith, Deputy Chief Executive Officer  
Kim Wolcott, Chief Human Resources Officer  
Michael Price, Chief Information Officer/Chief Technology Officer  
Brenda Green, Accounting Coordinator (recorder)  
John Powell, Telecommunications Specialist  
Dawn Sciortino, Chief Safety Officer  
Robert Travers, Attorney

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

Ashley Johnson, Assistant Director of Budget and Financial Analysis  
Vanity Faulkner, Budget Analyst  
Sibyl Pappas, Chief Engineering and Facilities Officer  
Heather Harmon, Senior Staff Accountant



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Sonya Luther, Director of Procurement  
Chad Pritchett, Senior Budget Analyst  
Misty Gordon, Risk Manager  
Sheri Dixon, Director of Revenue Services  
James Lyons, Staff Accountant  
Malika Blume, Director of Internal Audit  
Conner Burns, Chief Financial Officer  
Donna Brumbaugh, Director of Finance  
Adrian Tate, Assistant Director of Finance  
Angela Glass, Director of Budget and Financial Analysis

### **Others in attendance:**

Jeff Raliski, Hampton Roads Transportation Planning Organization (HRTPO)  
Danielle Nikolaisen, Brown Edwards & Company  
Brian Swets, City of Portsmouth  
Hunter Anderson, City of Virginia Beach

### **Call to Order**

The October 2023 Audit & Budget Review Committee (ABRC) meeting package was posted to HRT's website and distributed electronically to the ABRC members and Commissioners in advance of the meeting. The meeting package consisted of:

- Meeting Agenda
- Meeting Minutes for September 25, 2023
- Route Ridership FY19-FY24 All Routes

### **Approval of the ARBC Meeting Minutes:**

The approval of the September 25, 2023, meeting minutes was tabled.

### **FY2021 Financial Audit Report – Question Responses**

Conner Burns, Chief Financial Officer, stated that today's meeting was to address the questions from the ABRC members concerning the findings of the FY2021 Financial Audit Report, which was presented at the September 25, 2023, ABRC Meeting.



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**Question:** HRT was asked to explain the difficulties the Agency encountered in performing the audit noted in the Board of Directors Report on page 3, as it relates to the former Director of Finance.

**Response:** Donna Brumbaugh, Director of Finance, stated that the previous Financial Director had begun many of the auditing schedules prior to her departure from the Agency. However, after her departure, it was difficult for Management to determine the origin of these discoveries, or the documentation used to support her findings. Due to the Agency's inability to duplicate said findings or to reconcile the work previously completed by the former Finance Director, Management decided that it would be best to start the audit process from the beginning. In doing so, this added an additional two months to the audit process. Ms. Brumbaugh stated that, moving forward, the Agency is working towards being more transparent when reconciling and processing financials, ensuring that the Agency establishes procedures, maintains all required documentation, and ensures that the financials are clear and reconciled monthly, as well as addresses any necessary changes/corrections when warranted during that monthly process.

**Action Item:** HRT was asked if the issues that occurred with the FY2021 financial audit had been addressed and had the financial systems script problems been corrected to ensure that these reporting problems would not be replicated in the performance of the FY2022 and FY2023 audits. Ms. Brumbaugh stated that, currently, HRT has a better understanding of the issues related to the financial reporting system and that the Agency is taking a proactive stance to mitigate the situation and to ensure that this situation will not repeat itself moving forward. She also stated that the financials, grants, and projects modules will be reconciled monthly. This will ensure should any errors occur, they will be found and corrected in a timely fashion.

**Question:** HRT was asked to explain the difficulties the Auditors noted in Appendix C of the Board of Directors Report, as it relates to the "schedule of uncorrected misstatements" and the "inventory counting difficulties".

**Response:** Adrian Tate, Assistant Director of Finance, expounded on the inventory counting difficulties that occurred during the FY2021 auditing process. She stated that there was an error between the processing of auditing accounts and the final inventory listings. Ms. Tate stated that, due to the lack of a physical inventory count not being performed within the past several years, the Agency was unable to offset or make corrections to these reporting errors. However, the Agency has since performed a physical inventory account and will continue to do so annually. Next, Ms. Tate addressed the schedule of uncorrected misstatements noted in appendix C. She explained that the schedule of uncorrected misstatements occurred when the federal accounts did not agree



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with the underlying subledgers detail report which resulted in invoice reimbursement errors for 65 staff members, and the inability to record and capture the revenue and the accounts receivable (AR) accounts in the traditional manner. As a result, a recalculation of the outstanding reimbursements and the AR was created, and the balance was approved and corrected. The second uncorrected misstatement was related to fixed assets. This balance error was related to capital assets and accumulated depreciation, which was not captured correctly in the trial balance, as of June 30, 2020. When the Agency ran the fixed asset report through the account module, it was discovered that some of the assets did not convert over correctly and the assets no longer matched the trial balance. This resulted in Management manually correcting the assets that failed in the conversion. This correction was performed as part of the FY2021 auditing report. Ms. Tate expounded on the next uncorrected misstatement, which was related to Technology. She stated that an understatement in the prior year's assets resulted in the reporting of an incorrect beginning net asset balance. An adjustment to correct the year end Capital Improvement Plan (CIP) balance was run through the current year's reporting to clear the accounts. In addition, an analysis was performed to correct the asset amounts to ensure these corrections were processed. HRT also discovered additional project expenses requiring allocation and moved them to a "work in progress" WIP" account.

**Action Item:** It was suggested that HRT delegate the responsibility of the financial management of the inventory to the Agency's Internal Auditor.

Upon conclusion of the question and response portion of the meeting, Jimmy Gray, Chair – City of Hampton, gave official recommendation of the FY2021 Financial Audit from the ABRC to the Transportation District Commission of Hampton Roads (TDCHR) Board to be reviewed at the November 9, 2023 meeting.

### **Adjournment**

With no further business to discuss, the October 23, 2023, ABRC Committee meeting was adjourned at 10:31 am.