



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

Thursday, October 24, 2024 • 11:30 A.M.  
2<sup>nd</sup> Floor Board Room, 509 East 18<sup>th</sup> Street, Norfolk, VA  
In-Person/Hybrid Meeting

## MEETING MINUTES

### Call to Order

Jimmy Gray, Chair – City of Hampton, welcomed everyone and called the meeting to order at 11:33 am.

Attendance was taken for the meeting.

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

Commissioner Gray, City of Hampton – Chair  
Commissioner White, City of Hampton  
Commissioner Woodbury, City of Newport News  
Commissioner Bullock, City of Newport News  
Commissioner Carey, City of Chesapeake  
Commissioner Goodwin, City of Portsmouth

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

Commissioner Cipriano, City of Newport News  
Commissioner Velissarios, City of Newport News  
Commissioner Johnson, City of Chesapeake  
Commissioner Sparks, DPRT

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

William Harrell, President, and Chief Executive Officer  
Conner Burns, Chief Financial Officer  
Kim Wolcott, Chief Human Resources Officer  
Brenda Green, Accounting Supervisor (recorder)  
Jamira DeWeese, Accounting Coordinator  
John Powell, Telecommunications Specialist  
Robert Travers, Attorney  
Benjamin Simms, Chief Transit Operations Officer  
John Nason Director of Bus Maintenance  
Amy Braziel Director of Contracted Services and Operational Analytics  
Paula Studebaker Human Resources Executive Assistant  
Rodney Davis Director of Customer Relations



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Donna Brumbaugh, Director of Finance  
Sonya Luther, Director of Procurement  
Brian Smith, Deputy Chief  
Angela Glass, Director of Budget and Financial Analysis  
Ray Amoruso, Chief Planning & Development Officer  
Sibyl Pappas, Chief Engineering and Facilities Officer

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

Vanity Faulkner, Budget Analyst  
James Lyons, Staff Accountant  
Keisha Branch, Director of Capital Programs  
Heather Harmon, Senior Staff Accountant  
Shleaker Rodgers, Staff Auditor  
Dawn Sciortino, Chief Safety Officer  
Blue Bell, Budget Analyst  
Matthew Stumpf, Budget Analyst  
Dudley Clarke, Contract Budget Analyst  
Keianna Harris, Special Project Assistant  
Ashley Johnson, Assistant Director of Budget and Financial Analysis  
Chad Pritchett, Management Analyst  
Malika Blume, Director of Internal Audit

### **Others in attendance:**

Danielle Nikolaisen, Brown Edwards & Company  
Christine Tuner, Brown Edwards & Company  
Angelique Shenk, City of Hampton  
Hunter Anderson, City of Virginia Beach  
Karl Daughtrey, City of Hampton  
Andrea Kerley, City of Chesapeake



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### **Call to Order**

The October 2024 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:

- Agenda
- Meeting Minutes May 20, 2024
- Meeting Minutes September 23, 2024
- September 2024 FY2025 Financial Report
- Route Ridership FY19-FY24 – All Routes

The following additional item was distributed electronically to the Committee members after the meeting.

- Draft FY2022 Financial Audit Presentation

Commission Gray, Chair City of Hampton, announced that due to time constraints that today's Agenda will be negated with the exception of the Draft FY2022 Financial Audit Presentation by Brown Edwards.

Conner Burns, Chief Financial Officer welcomed everyone to the meeting. Mr Burns stated that due to a missing footnote in the printed audit report in the earned revenue accounts, that today's audit would be presented in a draft function. He also stated that the final audit will be electronically distributed to the ABRC and the Transportation District Commission of Hampton Road (TDCHR) Board for review. Mr Burns stated that Brown Edwards will present an unmodified opinion concerning the Agency's FY2022 Financial Audit, with 2 findings. Controls have been put into place to correct these findings moving forward.

### **FY2022 Financial Audit Update**

Danielle Nikolaisen, Brown Edwards & Company, provided a brief update on the Draft FY2022 Financial Audit. Brown Edwards anticipates issuing the final report early next week after addressing the pending adjustments previously stated by Mr. Burns. Ms. Nikolaisen also acknowledged the Agency's two material weaknesses in internal control over the financial reporting, which are material audit adjustments and grant activity reconciliations. However, despite these known reported weaknesses, Ms. Nicolaisen



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stated that Brown Edwards will return a clean unmodified opinion on the Agency's FY2022 Financial Audit.

There was discussion concerning HRT's contracted consultant team, WSP assisting the Agency's with project management, project and grant reconciliation processes.

HRT is maintaining its pledge of completing the FY2023 Financial Audit by March 2025. In addition, the Agency pledges to complete the FY2024 Financial Audit in October 2024, putting them back on track to start the FY2025 audit on time, shortly afterwards.

There was discussion concerning the length of time that HRT has taken to report their official financial audit reports and its effect on the Localities.

There was discussion concerning the State of Virginia's the Audit Public Accounts (APA) Statutory Audit Requirements for Authorities, Boards and Commissions. There was discussion concerning how HRT is in violation of this state policy and requirement.

*{Statutory Audit Requirements for Authorities, Boards and Commissions the Code of Virginia §30-140 requires that each authority, commission, district or other political subdivision, the members of whose governing body are not elected by popular vote and having financial transactions in excess of \$25,000, shall file an audit report within 90 days after the close of the fiscal year with the Auditor of Public Account}*

**Action Item:** HRT was asked to report and disclose the Agency's non-compliance of this state requirement and policy on the Final FY2022 Audit Report.

Ms. Nikolaisen stated that late filing of reports is not noted as a compliance findings in writing, because the date that it is issued is embedded with the financials. She does note that being in compliance with the state is important to Commissioner Members. Ms Nikolaisen has also stated that typically this matter has not been documented, however it will be noted as a state compliance finding.

There was discussion concerning a Management Letter from HRT that would discuss the material findings of the audit and recommendations to resolve. Brown Edwards stated this information will be included in the report to those charged with governance.

The Final FY2022 Financial Audit and Management Letter will be reviewed and discussed and the December 9, 2024 ABRC meeting.



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There was discussion concerning the Agency contracting an additional auditing company to assist with the “catching up” process of the financial auditing reporting. William Harrell, President, and Chief Executive Officer stated that the Agency is focusing their resources on Brown Edwards and if needed would authorize any additional resources needed toward this cause. Mr Harrel also reminded the Committee that with their support that the Agency has approved the contracting of WSP to assist with the project and grant reconciliation, which would have a huge impact to the Agency’s ability to maintain the auditing scheduling as previously pledge. The Agency was asked if they could run two audit reconciliations parallel at the same time, simultaneously. Brown Edwards confirmed that this would not be possible.

**Action Item:** HRT was asked to present the resources that are being implemented to help with the Agency’s auditing process be more efficient, and how these implementations are expected to affect auditing timeline

### **Adjournment**

With no further business to discuss, the October 24, 2024, ABRC Committee meeting was adjourned at 12:00 noon.