



# Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

## FINANCE COMMITTEE

Thursday, June 17, 2021 – 1:00 PM

3040 Williams Drive, Suite 200

Fairfax, VA 22031

Meeting Held via WebEx and Live Streamed on YouTube

## SUMMARY MINUTES

### 1. Call to Order/Welcome

Mayor Rishell, Chair

- Mayor Rishell called the meeting to order at 1:07 PM.
- Attendees:
  - ✓ Committee Members: Mayor Rishell; Chairman McKay; Board Member Cristol; Chair Randall; Delegate Watts;
  - ✓ Other Authority Members: Mayor Davis-Younger; Delegate Roem
  - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Financial Analyst)
  - ✓ Council of Counsels: Rob Dickerson (Prince William County); Daniel Robinson (Fairfax County); Joanna Anderson (City of Alexandria); MinhChau Chor (Arlington County);
  - ✓ Other Attendees: Jurisdictional and agency staff and the public attended the meeting via the Authority's YouTube channel

### 2. Resolution Finding the Need to Conduct the June 17, 2021 Finance Committee Meeting Electronically

Mayor Rishell, Chair

*Recommended Action: Adoption of Resolution*

Chair Randall made the motion to adopt the Resolution Finding the Need to Conduct the Meeting by Electronic Communication Means during the Governor's declared State of Emergency during the COVID-19 Pandemic; seconded by Board Member Cristol. Motion carried unanimously.

### 3. Summary Minutes of the March 18, 2021 Meeting

Mayor Rishell, Chair

*Recommended Action: Approval [with abstentions from those who were not present]*

Chair Randall moved approval of the minutes of the March 18, 2021 meeting; seconded by Chairman McKay. Motion carried unanimously.

## Information/Discussion Items

### 4. Update of Reimbursement Parameter Study

Mr. Longhi, CFO

- Mr. Longhi updated the Committee members on the Reimbursement Parameter Study by noting that Staff have been examining the reimbursements submitted for projects and discussing observations as well as potential parameters with individual jurisdictions and at the Regional Jurisdiction and Agency Coordinating Committee (RJACC) meetings.

- He noted that the purpose of developing the Reimbursement Parameter Study is to ensure
  - Transparency – Participants know what is reimbursable.
  - Equity – Participants have the same knowledge as to what is reimbursable.
  - Consistency – Participants all operate under the same parameters, such as timeliness of reimbursement requests, with flexibility for unique situations.
  - Accountable – The use of the public funds entrusted to the Authority is consistent with the purposes for that funding.
- The Reimbursement Parameter Study has been ongoing since FY2020. However, significant progress has been made with more areas of agreement than disagreement developing among the majority of jurisdictions. Major study areas are:
  - Direct project costs
  - Indirect project costs
  - Current Trends
  - Use of Local Distribution Funds (30%)
- NVTa staff is preparing a draft parameters document that has previously been circulated and discussed at the RJACC meetings. Discussions with individual jurisdictions and the RJACC are expected to continue over several months.

#### **5. Duplicate Payment Audit Service**

Mr. Longhi, CFO

- Mr. Longhi presented the duplicate project reimbursements and requests by noting that reimbursement request packages can often include hundreds of pages of documents containing dozens of invoices. The packages are reviewed electronically by NVTa planning and finance staff members. While the packages are reviewed electronically, this does not mean the content is fully digitized. Prior to COVID remote work, many reimbursements were 100% paper based.
- He further noted that duplicate payment requests occur when a project sponsor submits a project expense for reimbursement twice and provided examples.
- Mr. Longhi noted that it is the responsibility of the project sponsor to have internal controls in place to prevent the submission of duplicate project expense reimbursements.
- NVTa staff consulted with the Authority's external auditors (PBMares, LLP) to develop a data driven approach to examine certain projects, some with multiple SPAs, for duplicate payments.
- This would be an Agreed Upon Procedure Audit in which nine projects, containing 131 reimbursements, each of which may have dozens of individual invoices, with a reimbursed value of \$136 million would be audited. The cost projection for the audit is \$18,500.
- The proposed process was successfully tested with project data known to include duplicate requests. If the audit detects duplicated reimbursements, overpayment recovery is assured.
- Mr. Longhi noted that upon Committee direction, NVTa staff in conjunction with the Authority's independent auditor, developed an audit proposal which is will be presented to the Authority on July 8th.

- The Committee recognized that a risk of underdetermined scope was present.

**6. Investment Portfolio Report** Mr. Longhi, CFO

- Mr. Longhi presented the Investment Portfolio Report and discussed the Authority's Investment Portfolio performance.
- Mr. Longhi noted that the Portfolio continues to perform well compared to its benchmarks and the overall market, noting that performance has declined, although at a slower pace than the overall fixed income market.

**7. Monthly Revenue Report** Mr. Longhi, CFO

- Mr. Longhi presented the Monthly Revenue Report and responded to questions.

**8. Monthly Operating Budget Report** Mr. Longhi, CFO

- Mr. Longhi presented the Monthly Operating Budget Report and responded to questions.

**9. Financial Activities (Verbal Report)** Mr. Longhi, CFO

- Mr. Longhi provided a verbal update on the progress of the annual independent financial audit. The process is moving forward on schedule and will enter the financial statement preparation and audit stage after the June 30<sup>th</sup> close of the fiscal year.
- Mr. Longhi informed the committee on the initiative by the Governance and Personnel Committee (GPC) to potentially recommend a professional consulting service related to the Chief Executive Officer's position description and compensation. He noted that the RFP was posted requesting proposals from qualified firms for consultation.
- Mr. Longhi noted of the potential use of the Operating Budget Reserve as a payment source and the Operating Budget Reserve will be replenished in the following Fiscal Year.

**Adjournment: 1:49 PM**

**Next Meeting July 15, 2021, 1:00 PM (Room B)**

3040 Williams Drive, Suite 200, Fairfax, Virginia