

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS
FINANCE, AUDIT AND ADMINISTRATION COMMITTEE
2910 East Fifth Street Austin, TX 78702**

~ MINUTES ~

Wednesday, May 12, 2021

10:00 AM

Video Conference Meeting

Call to Order: 10:08 a.m.

I. Public Comment:

Zenobia Joseph, citizen, asked the board to consider the need for a public restroom at the North Lamar Transit Center during the upcoming renovation, possibly using available federal funding. She also discussed an email she recently sent to the Chair of the House Transportation Committee, Congressman Peter Defazio, with complaints about Capital Metro and Mayor Adler.

II. Action Items:

1. Approval of minutes from the February 10, 2021 Finance, Audit and Administration Committee meeting.

Motion to approve by Committee Member Pool. Cooper second. Passes 3-0 (Hill absent).

2. Approval of a resolution authorizing updates to the Code of Ethics adopted by the Board of Directors.

Chief Counsel Ashley Glotzer brought this item forward.

Ashley displayed a redline version of the proposed updates to the Capital Metro Code of Ethics. The only change being proposed is to update the revolving door policy for board and staff who leave the agency and go to work for a contractor, which prohibits them from participating in the Capital Metro contract for the life of the contract. The proposed update would change the prohibition to a period of two years, which would bring the Capital Metro policy into closer alignment with similar policies at other agencies.

Motion to recommend for the full board Action Item agenda by Board Member Pool. Cooper second. Approved 3-0 (Hill absent).

III. Presentations:

1. FY2021 Financial Audit

(This item was taken out of order, after the Public Comment portion of the meeting.)

Controller Susan Renshaw introduced Tino Robledo and Heath Jackson from RSM, Capital Metro's audit firm, who presented the results of the FY2020 financial audit.

Tino reviewed the scope of services for the firm's review and then presented the results for the financial statement audit, with the firm giving an unmodified opinion with no significant deficiencies in internal controls noted. He also gave the results of the federal and state compliance audit, with no findings reported.

Heath then walked the committee through the required auditor communications and statements, and summarized the fiscal responsibilities of both agency management and the FAA committee. No deficiencies or misstatements were found in any area. Heath also noted Capital Metro's continued recognition by the Government Finance Officers Association for excellence in financial reporting.

Board Member Pool asked if she could receive a briefing on Capital Metro's pension in the near future.

2. Financial Report March 2021

CFO Reinet Marneweck gave the presentation, covering the period through March, 2021.

Reinet started with an overview of current revenue, including sales tax receipts and fare revenues, and how they have been affected by the COVID pandemic. She then reviewed operating expenses, recent budget transfers, and budget variances by department. She walked the committee through a summary of current capital projects and how they are tracking to budget.

Chair Mitchell asked about the requirements around creating or adding to reserve funds for replacement of fixed assets. President Clarke responded with information about the mandated transit asset management plan and the funding and finance models around that.

Reinet noted that this would be her final report to the committee before she left the agency and that she was thankful for the support that committee members had given her. Later in the meeting President Clarke thanked Reinet, wished her well, and praised her leadership during her time at Capital Metro.

3. FY2022 Proposed Budget Calendar

Deputy CFO Kevin Conlan gave the presentation.

Kevin laid out an overview of the budget process and significant milestones through expected approval of the FY2022 Budget by the board in September. He thanked Finance staff for their hard work in getting to this point.

4. Internal Audit FY21 Plan Status

Vice President of Internal Audit Terry Follmer presented an overview of his department's current projects, including reports on both Positive Train Control and DBE/SBE Programs which will be presented later in the meeting. He also reviewed work being performed by students from the University of Texas Masters in Professional Accounting program, who have been working on six additional advisory audits on various topics.

5. Internal Audit Report -- Positive Train Control Expenditures

Internal Auditor Sarah Daigle gave a presentation on the recent internal audit report.

Sarah gave a brief overview of the scope and history of Capital Metro's Positive Train Control (PTC) program. During the audit of PTC expenditures, two areas of improvements were identified. Both areas are enterprise level, and not specific to the PTC program - a suggested improvement to the delegation of payment approval, and suggested changes to thresholds for approvals within the accounting system to make them more standard across departments.

6. Internal Audit Report DBE/SBE Programs

Internal Auditor Jeannette Lepe gave a presentation of the recent DBE/SBE internal controls and tracking audit.

The audit found that generally the proper program controls are in place and functioning as they should. Jeannette then reviewed four areas where the audit found that controls might be enhanced. She thanked the DBE department staff for their cooperation and assistance in the performance of the audit.

IV. Items for Future Discussion:

V. Adjournment

Adjourn: 11:23 a.m.

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Committee Members: Terry Mitchell, Chair; Wade Cooper, and Leslie Pool.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.

Date: May 12, 2021

Ed Easton

Manager of Board Relations