



DRAFT MINUTES

MBTA ADVISORY BOARD
BUDGET & AUDIT COMMITTEE

October 16, 2023

A. Call to order: Chair Colette Aufranc (Wellesley) called the meeting to order at 11:04AM.

B. Roll call of committee members:

Brookline	Robert King	Quincy	Frank Tramontozzi, P.E.
Lakeville	Lia Fabian	Sudbury	Daniel Carty
		Wellesley	Colette Aufranc (Chair)

C. Introductions and possible action to elect a Vice Chair: Committee members introduced themselves, to each other. Following this, Lia Fabian (Lakeville) moved to elect Robert King (Brookline) as Vice Chair of the Committee. Dan Carty (Sudbury) seconded this nomination with was approved unanimously by roll call.

D. Discussion and action on the **minutes** of the July 13, 2023 meeting. D. Carty moved to approve the minutes as edited. Frank Tramontozzi (Quincy) seconded this motion, which was approved by roll call, with all members voting Yes except for L. Fabian who abstained.

E. Summary of **unbudgeted expenses** approved since last meeting: C. Aufranc introduced this item. Based on the organization's Financial Policy, unbudgeted expenses, or expenses greater than \$10,000 require the approval of the Treasurer or another officer. Ms. Aufranc is the Treasurer of



the organization. Per her instruction, all such approvals should be reported to the Budget & Audit Committee at its next meeting.

The only unbudgeted expenses reported out at this meeting was the approval of \$16,000 for an engagement letter with Community Paradigm Associates for a review of the performance of the Executive Director, a compensation review for the next Executive Director's contract, and Advisory Board goal setting based on the evaluation process. This initiative is taking place in consultation with the Chair of the MBTA Advisory Board. D. Carty asked about procurements, and his question was answered.

F. Budget vs. Actuals: C. Aufranc in her introduction mentioned that the production and review of monthly financial reports represents a major improvement in the internal controls of the MBTA Advisory Board. Ms. Aufranc led a review of the September 2023 budget versus actuals report, and explained several items. L. Fabian noted that this report and the presentations make it clear that a great deal of work has gone into improving internal controls and reporting. D. Carty asked about spending on Public Relations. B. Kane answered that this spending is not on public relations but rather on lobbying with the Dewey Square Group to help improve the reputation of the MBTA Advisory Board and to advance the reputation of the organization with the legislature and public.

G. Discussion and action on employee retirement liabilities: C. Aufranc led the discussion on this item. Since 2021 the amount due to MBTA Advisory Board



employee's retirements has been under funded. A memo was provided explaining the liability owed to each employee. R. King queried about the retirement status of MBTA Advisory Board (AB) employees. B. Kane noted that MBTA AB employees are not in the state retirement system, but that legislation has been filed to change this. However, until such time that this legislation passes, the MBTA AB, as an employer, contributes 8% of each employee's gross salary to the employer's 401K retirement account. Ms. Aufranc suggested the memo provided to Budget & Audit Committee members be shared with the organization's auditors, Powers & Sullivan. L. Fabian asked wondered what the reporting requirements of the Budget & Audit Committee to the full AB. Ms. Aufranc further noted that this will be noted in the 2021 and 2022 audits, which will be presented and provided to the full MBTA AB. Following additional discussion, R. King moved to accept the memo as presented by staff and approve the payments of outstanding employee retirement liabilities and give authority to B.Kane and C. Aufranc to discuss possible compounding of interest calculations with the AB's bookkeeper, QRGAs compounded interest. L. Fabian seconded this motion, which was approved unanimously by roll call vote.

H. Update on CY20 & CY21 audits: B. Kane noted that Powers & Sullivan has received all the requested information for calendar years 2020 and 2021. Powers and Sullivan has completed its initial work on these audits, and it is now with a partner waiting final approval. Kane expects the audit to be published before the end of December 2023. C. Aufranc suggested that once



the committee receives the 2020 and 2021 audit, the committee should also weigh in on the scope of the CY2023 audit. There was agreement amongst committee members on this suggestion.

- I. Discussion of MBTA Advisory Board **historical revenue**. C. Aufranc presented this item. The organization has collected all of the revenue it is due from the MBTA in the past. However, since 2021 the organization has accelerated collection of the funds it is due. Working with the organization's independent bookkeeper, QRG, a review of all revenue received versus expected was completed. Based on this review, it is clear that the organization has received all the revenue it is due, and that the organization should bill the MBTA \$39,943 to close out calendar year 2023.

- J. **Internal 2024 budget** preliminary discussion: B. Kane presented this item and noted that it is offered to committee members to start a discussion about the CY2024 internal budget.

- K. **Old Business:** B. Kane presented these items in brief:
 - Employee retirement update: The legislation has had its hearing and we are waiting for the report of the committee.

 - Insurance update The final insurance policy to come under the same brokerage firm the AB has used for other insurances (Delanson) is the organization's Worker's Compensation policy. The current policy expires next month and efforts are underway to move it under Delanson.

- HR manual/employee policy update: This is drafted and just needs to be presented to the Executive Committee and/or the full Board for its approval and implementation as an official policy.
- Santander Bank: Money market account, government banking: Most of the organization's funds are hosted by the Massachusetts Municipal Depository Trust (MMDT). The organization now also has a money market account and a checking account with Santander's government banking division.

L. New Business: B. Kane presented these items in brief:

- Update on accounting decisions since last meeting
 - i. Deferred revenue write-off: B. Kane reported that an aged balance carried forward as deferred revenue could not be supported with backup documentation and was considered uncollectible. At the suggestion of our book keeper, agreement of the Executive director, and approval of the Treasurer the balance has been written off. Vacation time accrual accounting: The independent bookkeeper noted that there was no accounting for accrued vacation time in the organization's books. Accrued vacation time is a liability. Based on the bookkeeper's recommendation, and with the concurrence of the Executive Director and Treasurer, vacation time is now accrued in QuickBooks.

M. Upcoming Meetings:



- January TBD, 2024 (financial update & BvA, finalize budget)
- May 13, 2024 (, prepare for reports to Annual Advisory Board meeting if necessary)
- September 9, 2024 (Update on audit status, financial update, initial budget discussions)
- December 2, 2024 (Budget discussions)

N. Adjourn – With all business transacted, R. King moved to adjourn. L. Fabian seconded this motion, which was approved without objection. The meeting adjourned at 11:57 AM.