



Minutes

MBTA ADVISORY BOARD BUDGET & AUDIT COMMITTEE

July 13, 2023

Meeting 10:00 AM – 11:00 AM

A. Call to order, Colette Aufranc (Wellesley) Chair, called the meeting to order at 10:03 AM. Roll call:

- Present: Colette Aufranc (Wellesley), Robert King (Brookline), Lenard Diggins (Arlington), Frank Tramontozzi (Quincy) present.
- Absent: Sean Hendricks (Millbury)
- Also Present: Brian Kane (Executive Director)

B. Discussion and action on the **minutes** of the November 29, 2022 meeting and the March 7, 2023 meeting. These minutes having previously been distributed; F. Tramontozzi moved to approve both sets of minutes. C. Aufranc seconded this motion. Roll call:

Yes: C. Aufranc, F. Tramontozzi, L. Diggins.
No: none
Abstain: R. King

C. CY21 & CY 22 Audit discussion: C. Aufranc led the discussion. Best practice is for the audit committee, as well as management to discuss the scope of audits and communicate areas of interest and focus to the auditors. The committee should also ensure that Management Letter recommendations from past audits are adequately responded to. She noted that the organization had responded to the Management Letter from the 2019 and 2020 audit, and that best practice is to seek feedback from the auditors on

adequacy of management's response and implementation of any suggested policies or procedures. B. Kane, for management, agreed that feedback and a reply to the 2019 and 2020 Management Letter response was welcome and helpful, and provided a valuable roadmap of improvements which management has implemented. There was general approval of this approach from the committee. Suggested scope items from the committee and management included asking the auditors to review the policies and procedures implemented by this committee since their last audit and further to review the processes for management working with the bookkeeper and the associated monthly reposting packages. This was not an action item.

D. Summary of **unbudgeted expenses** approved since last meeting. The Chair requested this item to make the committee aware of these instances. B. Kane presented this item. He noted that the recently approved financial policy requires the authorization of the Treasurer, another officer, the budget and audit committee or the full board for reimbursements, unbudgeted spending, or purchases over \$10,000. A memo detailing the 3 items meeting these criteria was provided.

- B. Kane sought reimbursement for travel in his personal automobile to Newburyport, Gloucester, and Taunton.
- One unbudgeted expense for advertising relating to the 5/30/2023 Forum hosted by the MBTA Advisory Board featuring the new General Manager and MBTA Board Chair.

There was no action associated with this item.

E. Budget vs actual January to April 2023. C. Aufranc introduced this item by noting that the bookkeeping processes implemented starting in December are now working. She continued that she has received monthly reporting packages, had her questions answered, and that the response to her queries has been adequate. She mentioned that she has reviewed each month's reporting package and that these include pertinent information. At the committee's next meeting, financial reports for May, June, and likely July and August will be provided. R. King mentioned that he is comfortable with the current procedures. L. Diggins agreed. There was no action associated with this item

F. Review of committee accomplishments since 2022. B. Kane presented this item at the request of the Chair. A memo having been previously provided; B. Kane ran through all the many accomplishments made by this committee. He noted that the committee, and by extension the board has made significant, measurable, and important progress in recent years to improve the financial reporting and management. He thanked C. Aufranc for her leadership on all of this, as her knowledge and experience in this area has been essential in the progress made. C. Aufranc thanked the Executive Director for his efforts in these achievements. L. Diggins suggested that it may be helpful to bring in a 3rd party to assist us with the development of an employee/HR manual/policy. C. Aufranc suggested contacting QRGa to see if she does this type of work. The committee broadly agreed, and suggested that this be discussed at the next committee meeting. There was no action associated with this item.

G. Committee reorganization: B. Kane mentioned that the new committee will see the departure of Len Diggins and the addition of Lia Fabian from Lakeville. There was a consideration that Mr. Hendricks from Millbury has not participated recently, and should be sounded out as to his desirability to remain on the committee. Additional members may still be added in advance of the annual general meeting. B. Kane mentioned that Board Chair Koch intends to appoint C. Aufranc as committee chair for the upcoming 12 months. B. Kane noted that if a member sought to be committee vice chair, he should be alerted. There was no action associated with this item.

H. Old Business

- QRGA: B. Kane mentioned that the bookkeeping is working and there was general feedback that QRGA is providing valuable service in keeping with its contract.
- Insurance: B. Kane provided a memo outlining the organization's current insurance coverages. He noted that the MBTA Advisory Board has recently purchased a new general liability policy with higher limits, and a directors and officers policy. Acquiring these policies was a recommendation of the 2020 business process review. The third policy is a workers compensation policy. The current policy expires in November.

I. New Business: Accounting for retirement deductions: B Kane gave this presentation. As part of the transition to Paychex, calculations in the past several months for employer and employee deductions for the two

employee's retirement contributions have errors. The bookkeeper identified this issue in a timely manner. B. Kane and the bookkeeper are working on a solution to this, and will report back to the committee at its next meeting on the solution achieved.

J. Next Meeting: Members decided that the next meeting should be October 2 2023 at 10AM via Zoom. Items to be discussed:

- a. Budget vs. actual
- b. Insurance
- c. Committee members and committee organization
- d. HR manual/employee policy
- e. Retirement update
- f. Initial 2024 budget preliminary
- g. Audit feedback

The committee coalesced around a cadence of meeting at least once every [I had noted quarterly with ad hoc meetings as necessary] 6 weeks, with the meetings in May and October annually to discuss audit scope and progress respectively, budgets to actuals, and related ongoing matters. Meetings in November should focus on budget development for the coming calendar year.

K. Adjourn – Chair. Len Diggins (Arlington) moved to adjourn. F. Tramontozzi seconded. The meeting adjourned at 10:49AM. Roll call:

Yes: C. Aufranc, F. Tramontozzi, L. Diggins, R. King
No: none
Abstain: none