
**MINUTES OF PVTA'S
REMOTE FINANCE & AUDIT COMMITTEE MEETING
September 20, 2021**

1. CALL TO ORDER

The Finance and Audit Committee meeting of the Pioneer Valley Transit Authority was held on Monday, September 20, 2021 at 10:00 A.M. remotely in accordance with the Governor's Provisions of the Open Meeting Law, G.L. c. 30A, Section 20, relieving from the requirement of section 20 of chapter 30A that it conduct its meetings in a public place that is open and physically accessible to the public, permitting a public body to allow remote participation by all members.

ROLL CALL MEMBERS PRESENT:

Members: Doug Slaughter, Amherst; Steve Huntley, Chicopee; David Moskin, Hadley; Brian O'Leary, Belchertown (joined meeting at 10:13 A.M.)

NOT PRESENT:

N/A

Call to Order: Doug Slaughter, Chairman of the Finance & Audit Committee stated that the committee has a quorum and called the meeting to order at 10:06 A.M.

2. PUBLIC COMMENTS

Chairman Slaughter opened the floor for public comments. No Public Comments were made.

3. APPROVAL OF MINUTES OF THE FINANCE & AUDIT COMMITTEE MEETING OF JUNE 21, 2021

Chairman Slaughter asked for a motion from the Finance & Audit Committee to approve the meeting minutes of June 21, 2021.

MOTION: Moved and seconded (Huntley/Slaughter) to approve the minutes of PVTA's Finance & Audit Committee meeting held June 21, 2021.

Chairman Slaughter asked if there was any discussion, hearing none, asked for a roll call vote.

David Moskin: Yes
Steve Huntley: Yes
Doug Slaughter: Yes

Motion passed, 3-0 vote.

Brian O’Leary, Belchertown, joined the meeting at 10:13 A.M.

4. PVTA FY21 AUDIT REPORT

Auditor David Irwin of Adelson & Company PC reported on PVTA's FY21 Audit for the year ended June 30, 2021.

Auditor Irwin discussed in detail PVTA’s Statement of Net Position and PVTA’s Income Statement.

Auditor Irwin stated that there were no material weaknesses and no significant deficiencies. This was a clean, unmodified Audit and PVTA's books are being maintained in accordance with accounting principles generally accepted in the United States. These documents are being sent to the Massachusetts Department of Transportation and to the Federal Transit Administration with a clean opinion. PVTA met all requirements for the Audit and all the information and documentation that was needed was provided by PVTA management and the operating entities. We had a couple of recommendations to strengthen some internal controls that did not raise any material weaknesses or significant deficiencies.

These minor recommendations were:

1. During fiscal year 2021, the Authority completed the process of converting to a new fixed asset software module. However, the reports from the module were not available until August 2021, after the audit fieldwork was in process, which delayed the recording of depreciation expense and disposed assets. These adjustments were proposed by the Auditor, based on schedules provided by the Authority. We also noted that supplies, wages, and small tools and equipment, which did not meet the definition of a fixed asset, were being recorded on the balance sheet and depreciated.

Recommendation:

The new fixed asset module should be reconciled to the accounting general ledger monthly. Depreciation and disposals should be recorded in a timely manner in the general ledger. For purchases that do not meet the definition of a fixed asset, they should be expensed to a non-capital equipment and supplies account. The Authority should update its accounting policies and procedures manual to clearly define what meets the definition of a capital asset for inclusion in the fixed asset software.

Action Taken:

The Authority’s finance department will reconcile the fixed asset module to the general ledger monthly. Disposals will be recorded throughout the year as they occur, and depreciation will be recorded at year end. Purchases that do not meet the definition of a fixed asset will be expensed to a non-capital equipment and supplies account and the Authority’s accounting manual will be updated to clearly describe the definition of a capital asset.

2. During our review of the Authority’s preliminary internal financial statements, we noted that the intercompany accounts reconciling the activity with the fixed route operator and the inter-agency accounts reconciling the activity between the operating and capital general ledgers were out of balance. Additionally, several supporting schedules provided by the Authority were inaccurate, which resulted in adjustments to several balance sheet accounts.

Recommendation:

The Finance Department should ensure that all balance sheet accounts, including intercompany accounts, are reconciled with supporting documentation and schedules. The internal balance sheet and income statement provided to the Administrator and Finance Committee should be in sufficient detail to identify potential accounts with incorrect balances.

Action Taken:

The CFO will review monthly, the balance sheet accounts and all supporting documentation including schedules, to ensure accuracy and to ensure reconciliation to the appropriate accounts.

3. During our review of federal and state capital grants receivable balances, it was difficult to determine from which capital grant the receivables were due, and whether the Authority had subsequently received payment. This added additional audit time to ensure accurate reporting in the general ledger, verifying the receivable balances, and tracing subsequent payments.

Recommendation:

The Authority's federal and state capital grants receivable schedules should include the grant/contract from which each balance is due and note the date(s) on which subsequent payment is received.

Action Taken:

The Authority's capital grants receivable schedules have been updated to include the grant number as well as to note the date that subsequent payment has been received. This will aid in reconciliation of the capital receivable accounts that will be conducted monthly.

4. During our review of controls over cash, it was noted that a former employee is listed as an authorized signer on the bank account used by the Authority's fixed route operator.

Recommendation:

The Authority should ensure the authorized signers on the bank accounts are updated to remove the former employee, as well as the Controller of the operating company who recently retired.

Action Taken:

The bank has been contacted and the CFO has received confirmation that the former employee as well as the recently retired Controller have been removed from the Contractor's list of authorized signers on the bank account.

Chairman Slaughter asked if the committee had any comments or questions for Auditor Irwin. Hearing none, Chairman Slaughter asked for a motion from the Finance & Audit Committee to accept PVTA's FY21 Audit Report and recommend adoption of PVTA's FY21 Audit Report to the Advisory Board.

MOTION: Moved and seconded (Huntley/O'Leary) to accept PVTA's FY21 Audit Report and recommend adoption of PVTA's FY 21 Audit Report to the Advisory Board.

Chairman Slaughter asked if there was any discussion, hearing none, asked for a roll call vote.

David Moskin: Yes
Steve Huntley: Yes
Brian O'Leary: Yes
Doug Slaughter: Yes

Motion passed by a 4-0 vote.

A full copy of PVTA's FY21 Audit Report has been filed with the minutes of this meeting.

5. OTHER BUSINESS

Chairman Slaughter reported that there is no other business to discuss.

6. ADJOURNMENT

Chairman Slaughter asked for a motion from the Finance & Audit Committee to adjourn.

MOTION: Moved and seconded (Huntley/O'Leary) to adjourn.

Chairman Slaughter asked for a roll call vote.

David Moskin: Yes
Brian O'Leary: Yes
Steve Huntley: Yes
Doug Slaughter: Yes

Motion passed 4-0.

The meeting of the PVTA Finance & Audit Committee adjourned at 11:09 A.M.

A TRUE RECORD

ATTEST: _____
BRANDY PELLETIER

Documents filed with Finance & Audit Committee Meeting packet:

- June 21, 2021 Finance & Audit Committee Meeting Minutes
- PVTA's FY21 Audit Report

MINUTES APPROVED: January 18, 2022