

**BI-STATE DEVELOPMENT
AUDIT, FINANCE & ADMINISTRATION COMMITTEE MEETING
OPEN SESSION MINUTES
(Virtual Meeting)
October 14, 2022**

Immediately following Operations Committee Meeting

Audit, Finance & Administration Committee Members participating via Zoom

Terry Beach, Chair
Herbert Simmons
Fred Pestello – Absent
Nate Johnson
Sam Gladney
Debra Moore

Other Commissioners participating via Zoom

Rose Windmiller, Chair
Derrick Cox
Irma Golliday
Vernal Brown

Staff participating via Zoom

Taulby Roach, President and Chief Executive Officer
Brenda Deertz, Director of Executive Services
Barbara Enneking, General Counsel
Myra Bennett, Manager of Board Administration
Thomas Curran, Executive Vice President – Administration
Tammy Fulbright, Executive Vice President, Chief Financial Officer
Crystal Messner, Chief Audit Executive
Charles Stewart, Executive Director Metro Transit
Kathy Brittin, Director of Risk and Absence Management

Others participating via Zoom

Karen Snead, ASL Interpreter
Angelica Bechtold, ASL Interpreter

1. Open Session Call to Order

9:19 a.m. Chair Beach called the Open Session of the Audit, Finance & Administration Committee Meeting to order at 9:19 a.m.

2. Roll Call

9:19 a.m. Roll call was taken, as noted above.

3. Public Comment

9:19 a.m. Myra Bennett, Manager of Board Administration, noted that no public comments were received for today's meeting.

4. Minutes of the August 19, 2022, Audit, Finance & Administration Committee, Open Meeting

9:19 a.m. Chair Beach noted that the minutes of the August 19, 2022, Audit, Finance & Administration Committee, Open Meeting, were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Windmiller and was seconded by Commissioner Cox.

The motion passed unanimously.

5. Sole Source - Hardware and Software Maintenance

9:20 a.m. A briefing paper was included in the meeting materials, presenting to the Operations Committee, for discussion, acceptance, and referral to the Board of Commissioners for approval, a request for sole source contracts for Hardware and Software Maintenance as budgeted for FY 2023. Tom Curran, Executive Vice President - Administration, gave an overview of this item. He noted that the Agency's FY 2023 Operating Budget allocates approximately \$3,598,000 for costs associated with hardware and software maintenance contracts. He noted that most of the contracts are less than \$100,000 per year, and therefore, do not require approval by the Board of Commissioners; however, the following providers' annual costs are anticipated to exceed the \$100,000 threshold, which require Board approval: Giro, Indra, Kronos, Oracle, Scheidt and Bachmann, and Trapeze. Mr. Curran reported that the sum of these FY 2023 annual contracts, indicate a decrease of 18% from the FY 2022 contracts. Commissioner Cox posed questions regarding the decrease in cost. Mr. Curran stated that the decrease is primarily due to the recent change of vendors for Oracle support services.

A motion to accept this agenda item, as presented, and recommend it to the Board of Commissioners for approval, was made by Commissioner Moore and was seconded by Commissioner Brown.

The motion passed unanimously.

6. Contract Modification - Talent Management Solution

9:23 a.m. A briefing paper was included in the meeting materials regarding a request that the Committee accept, and forward to the Board of Commissioners for approval, a request to authorize the President & CEO to approve a contract modification with SABA Halogen Software Inc. to extend the contract period of performance from November 30, 2022 to November 30, 2023, and an additional cost of \$185,544.44 to cover the extended timeframe will be incorporated into the contract. Tom Curran, Executive Vice President – Administration, gave an overview of this item.

A motion to accept this agenda item, as presented, and recommend it to the Board of Commissioners for approval, was made by Commissioner Windmiller and was seconded by Commissioner Beach.

The motion passed unanimously.

7. IAD Audit Follow-Up Summary - 1st Quarter FY 2023

9:25 a.m. A briefing paper was included in the meeting materials regarding this item. Crystal Messner, Chief Audit Executive, gave an overview of this item, noting that 55% of the items have been closed.

8. IAD Status Report - 1st Quarter FY 2023

9:26 a.m. The Internal Audit Status Report for first quarter FY 2023 was included in the meeting materials. Crystal Messner, Chief Audit Executive, gave an overview of this item, noting that the System Access Review Audit, Physical Access Review Audit, Executive Card Program Audit, and Healthcare Claims Audit have been completed and will be presented in Executive Session at today's meeting. She also noted that the Arch and Riverboats Ticket Sales audit is progressing as expected, and IAD is in the planning stages of a special project regarding the Metro Pass Unit, to review the various divisions of the program including the MetroStore, Pass Unit, U-Pass/Marketing, and the Transit Cell Phone App. Ms. Messner stated that the IAD has begun the requisition process for the Quality Audit Review (QAR), or peer review, of the IAD Department as required to be performed every five (5) years per the Institute of Internal Auditors. She stated that staff is working with The Institute of Internal Auditors Quality Services team who has provided a proposal for its services. The review is tentatively scheduled to begin in January 2023.

9. Internal Audit State Safety Oversight Status Report – 3rd Quarter Calendar Year 2022

9:27 a.m. The Internal Audit State Safety Oversight Status Report for the third quarter, Calendar Year 2022, was included in the meeting materials. Crystal Messner, Chief Audit Executive, gave an overview of this item, noting that all third quarter proposed activities were accomplished. She stated that the IAD is currently continuing collaboration with Safety and management to monitor the progress monthly for all open SSO and SCADA CAPs, and reported that management successfully closed two CAPs. She reported that the 2022 IAD SSO Internal Audit schedule is currently on target. She noted that external and internal audit customers, including the BSSO, participated in the onsite 2022 SSO Audit Fieldwork and Interview Meetings September 13-15, 2022. Supplemental audit document requests were sent out after conclusion of fieldwork, and the draft audit report is expected mid-November. Ms. Messner noted that, due to excessively low staffing within all BSD departments involved, there are expected delays for the supplemental documentation requests and draft audit reports.

Item 7., Item 8., and Item 9. were presented as information only.

10. Treasurer's Report

9:28 a.m. A Treasurer's Report was included in the meeting materials. Tammy Fulbright, Executive Vice President and CFO, gave a summary of the report. She noted that, as of August 31, Bi-State purchased \$4 million in investments during the quarter ending September 30. The average term of new investments was 731 days, and the average yield was 3.38%. She also provided an update regarding the Fuel Hedging program, noting that the price per gallon was \$1.35, and \$1.74 per gallon was budgeted. This item was presented as information only.

11. Quarterly Treasury Safekeeping Accounts Audit, ending June 30, 2022

9:30 a.m. A quarterly treasury safekeeping accounts audit for the period ending June 30, 2022, was included in the meeting materials. Crystal Messner, Chief Audit Executive, stated that the IAD performed an examination of each bank/safekeeping custodian's account confirmations as compared with the fair values for each investment presented in the Treasurer's Report dated June 30, 2022. She reported that the IAD has determined that the Safekeeping Accounts exist, and the respective balances and credit ratings reported in the Treasurer's Report as of June 30, 2022 are fairly presented. This item was presented as information only.

12. Procurement Report

9:31 a.m. A Procurement Report was included in the meeting materials regarding this item. Thomas Curran, Executive Vice President Administration, gave an overview of this item. He reported that First Quarter FY 2023 Non-Competitive Procurements totaled \$14,955,188, or 42.5%, of the total purchase order commitment volume. He noted that Non-Competitive Procurements totaled \$38,922,730, or 24.8%, of the total procurement spend during the last twelve months. This item was presented as information only.

13. Update on Risk Management Insurance Program

9:33 a.m. A briefing paper providing an update on the Risk Management Insurance Program was included in the meeting materials regarding this item. Kathy Brittin, Director of Risk and Absence Management, gave an overview of this item. She reported that the Agency annually reviews and renews coverage on July 1st of each fiscal year. She stated that, in consultation with Alliant, the Agency markets some coverage lines, depending on market conditions and changes in operating exposures. Ms. Brittin reported that the market conditions continue to be difficult but are lightening up slightly, and most lines of coverage are seeing slight to moderate premium increases (8% - 15%). She stated that the coverage lines for FY23 that were a challenge included Cyber and the Riverboats Marine program. Ms. Brittin reported a 10% decrease in Excess Liability insurance premiums. She noted that the total insurance program for FY23, came in below last year and below budget. The total premiums decreased by just under \$10,000 and was 19% below the budget forecast. This item was presented as information only.

14. Unscheduled Business

9:37 a.m. There was no unscheduled business.

15. President/CEO Report

9:37 a.m. President and CEO, Taulby Roach, noted a continuing theme through the Agency. He noted Ms. Messner's scheduling of upcoming audits, which are in line with projects that the Agency is working on. He noted upcoming audit functions for apps and fare medium, which run parallel to the development of the Secure Platform Project. Mr. Roach noted Ms. Brittin's update included the importance of Cyber insurance, which runs parallel to Ms. Messner's audit reviews and penetration studies that will be discussed in Executive Session. Mr. Roach stated that it is important that we are "one" BSD, working with the same focus, working towards the same goals and parallel objectives.

Chair Beach noted that he held a meeting with Chief Audit Executive, Crystal Messner, on Tuesday. He stated that it was a very informative meeting, and many issues were discussed. He noted that many of these issues will be discussed in Executive Session.

16. Call of Dates for Future Board and Committee Meetings

9:40 a.m. The next Board of Commissioners Meeting will be held on Friday, November 18, 2022, at 8:30 a.m.

17. Adjournment to Executive Session – If such action is approved by a majority vote of the Bi-State Development Agency’s Board of Commissioners who constitute a quorum, the Board may go into closed session to discuss legal, confidential, or privileged matters pursuant to Bi-State Development Board Policy Chapter 10, §10.080(D) Closed Records; Legal under §10.080(D)(1) ; Personnel under §10.080(D)(3); and Auditors under §10.080(D)(10).

9:41 a.m. Chair Beach requested a motion to allow the Committee to move into closed session as permitted under Bi-State Development Board Policy, Chapter 10, Section 10.080, (D) (1) – Legal; (D) (3) – Personnel; and (D) (10) – Auditors.

A motion to move into Executive Session was made by Commissioner Brown and was seconded by Commissioner Golliday. A roll call vote was taken as follows:

Rose Windmiller – Yea
Vernal Brown – Yea
Sam Gladney – Yea
Nate Johnson – Yea

Terry Beach – Yea
Derrick Cox – Yea
Irma Golliday – Yea
Herbert Simmons – Yea
Debra Moore – Yea

The motion passed unanimously, and the Committee moved into Executive Session at 9:42 a.m. (Commissioner Cox left the meeting at approximately 9:43 a.m.)

18. Reconvene to Open Meeting

10:09 a.m. The Committee reconvened to the Open Meeting at approximately 10:09 a.m.

Commissioner Moore made a motion to approve the minutes from the August 19, 2022, Audit, Finance & Administration, Executive Session, as a closed record. The motion was seconded by Brown.

Rose Windmiller – Yea
Vernal Brown – Yea
Sam Gladney – Yea
Nate Johnson – Yea

Terry Beach – Yea
Herbert Simmons – Yea
Irma Golliday – Yea
Debra Moore – Yea

The motion passed unanimously.

Commissioner Windmiller made a motion to approve the Draft Executive Card Audit Report, as presented. The motion was seconded by Commissioner Brown.

Rose Windmiller – Yea
Vernal Brown – Yea
Sam Gladney – Yea
Nate Johnson – Yea

Terry Beach – Yea
Herbert Simmons – Yea
Irma Golliday – Yea
Debra Moore – Yea

The motion passed unanimously.

Commissioner Golliday made a motion to approve the Draft Healthcare Claims On-Call Audit Report, as presented. The motion was seconded by Commissioner Windmiller.

Rose Windmiller – Yea
Vernal Brown – Yea
Sam Gladney – Yea
Nate Johnson – Yea

Terry Beach – Yea
Herbert Simmons – Yea
Irma Golliday – Yea
Debra Moore – Yea

The motion passed unanimously.

Commissioner Windmiller made a motion to approve the Draft Physical Access Review Audit Report, as presented. The motion was seconded by Commissioner Brown.

Rose Windmiller – Yea
Vernal Brown – Yea
Sam Gladney – Yea
Nate Johnson – Yea

Terry Beach – Yea
Herbert Simmons – Yea
Irma Golliday – Yea
Debra Moore – Yea

The motion passed unanimously.

Commissioner Golliday made a motion to approve the Draft Systems Access Review Audit Report, as presented. The motion was seconded by Commissioner Gladney.

Rose Windmiller – Yea
Vernal Brown – Yea
Sam Gladney – Yea
Nate Johnson – Yea

Terry Beach – Yea
Herbert Simmons – Yea
Irma Golliday – Yea
Debra Moore – Yea

The motion passed unanimously.

Commissioner Brown made a motion to accept, and forward to the Board of Commissioner for approval, the write off of the St. Louis Regional Freightway intercompany accounts payable balance, per Governmental Accounting Standards Board No. 34, Paragraph 112, Section 1(a)., as presented. The motion was seconded by Commissioner Windmiller.

Rose Windmiller – Yea
Vernal Brown – Yea
Sam Gladney – Yea
Nate Johnson – Yea

Terry Beach – Yea
Herbert Simmons – Yea
Irma Golliday – Yea
Debra Moore – Yea

The motion passed unanimously.

Commissioner Golliday made a motion to approve accept, and forward to the Board of Commissioner for approval, the Draft Year End Financial Audit, as presented. The motion was seconded by Commissioner Simmons.

Rose Windmiller – Yea
Vernal Brown – Yea

Terry Beach – Yea
Herbert Simmons – Yea

Sam Gladney – Yea
Nate Johnson – Yea

Irma Golliday – Yea
Debra Moore – Yea

The motion passed unanimously.

19. Adjournment

10:15 a.m. Chair Beach asked if there was any further business, being none, Commissioner Windmiller made a motion to adjourn the meeting. The motion was seconded by Commissioner Brown. Unanimous vote in favor taken. The motion passed, and the meeting was adjourned at approximately 10:15 a.m.


Deputy Secretary to the Board of Commissioners
Bi-State Development