

**BI-STATE DEVELOPMENT
AUDIT, FINANCE & ADMINISTRATION COMMITTEE MEETING
OPEN SESSION MINUTES
(Virtual Meeting)
June 10, 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

Other Commissioners participating via Zoom

Rose Windmiller
Derrick Cox – Absent
Irma Golliday – Absent
Vernal Brown
Debra Moore

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 Vice President Organizational Effectiveness

Others participating via Zoom

Tera Briggs, ASL Interpreter
Loretto Freeman, ASL Interpreter

- 1. Open Session Call to Order**
9:32 a.m. Chair Beach called the Open Session of the Audit, Finance & Administration Committee Meeting to order at 9:32 a.m.

2. Roll Call

9:32 a.m. Roll call was taken, as noted above.

3. Public Comment

9:32 a.m. Myra Bennett, Manager of Board Administration, noted that no public comments were received for today's meeting.

4. Minutes of the March 18, 2022 Audit, Finance & Administration Committee, Open Meeting

9:32 a.m. The minutes of the March 18, 2022 Audit, Finance & Administration Committee, Open Meeting were provided in the Committee packet. A motion to approve the minutes, as presented, was made by Commissioner Windmiller and seconded by Commissioner Moore.

The motion passed unanimously.

5. Contract Award: Audit Services - Bi-State Development (BSD) Pension Plans and 401(k) Retirement Savings Program

9:33 a.m. A briefing paper was included in the meeting materials, presenting to the Audit, Finance & Administration Committee, for discussion, acceptance, and referral to the Board of Commissioners for approval, authorization that the President & CEO enter into a five-year contract for Audit Services for BSD's Pension Plans and 401(k) Retirement Savings Program with UHY LLP in the not-to-exceed amount of \$302,445.00. Tom Curran, Executive Vice President – Administration, gave an overview of this item, noting that Solicitation 22-SB-305074-CG – Audit Services for BSD's Pension Plans and 401(k) Retirement Savings Program was issued on January 26, 2022; however, in response to the solicitation, only one (1) sealed bid was received from UHY LLP. He noted that the single bid was forwarded to the Benefits Department for review. Mr. Curran noted that it found that UHY's sealed bid was responsive and demonstrated responsibility by conforming to the terms and conditions listed in the solicitation including the submission requirements of certifications and representations, identified in the solicitation. He reported that, due to UHY being the only firm that participated in submitting pricing, the sealed bid method is being converted to a negotiated procurement.

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

The motion passed. (Chair Beach abstained from the vote.)

6. Contract Award: Financial Advisory Services

9:36 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, authorization that the President & CEO enter into a 5-year contract for Financial Advisory Services with Columbia Capital Management, LLC in the not-to-exceed amount of \$400,000.00. Tom Curran, Executive Vice President of Administration, gave an overview of this item, noting that, in response to Solicitation 22-RFP-313158-CG - Financial Advisory Services, issued on February 25, 2022, only one (1) sealed proposal was received from Columbia Capital Management, LLC, and the single proposal was forwarded to the Finance Department for review. Mr. Curran stated that a review of the sealed proposal received from Columbia Capital Management affirmed that the

technical proposal met the minimum requirements, qualifications and experience in accordance with the scope of work described within the solicitation, and was found to be fair and reasonable.

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 seconded by Commissioner Brown.

The motion passed unanimously.

7. Collected Board Policies, Chapter 50 - Purchasing Revisions

9:30 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 incorporate revisions to the *Collected Board Policies of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Chapter 50*, as outlined in the meeting materials. Tom Curran, Executive Vice President of Administration, gave an overview of this item, noting that the proposed revisions provide updates to expenditure thresholds that require Board of Commissioners approval, the addition of specific language addressing single bid situations, and clean-up of spelling and title errors. Mr. Curran clarified the proposed threshold changes for the Committee.

Commissioner Simmons stated that he would like to review the threshold changes in more detail. Commissioner Moore indicated that she agrees with Commissioner Simmons, in that she would like more understanding of the impetus for what appears to be significant changes to the policy. Chair Beach stated that he feels that it makes sense to discuss this in greater detail; however he also noted that he understands that there have been major changes in the market, and given the current market conditions, it may make sense to increase the policy thresholds. President/CEO Roach stated that there is no hurry to approve the revisions. Mr. Curran stated that most contracts are over the proposed \$1,000,000 threshold, and would still require Board approval. He also noted that he had contracted similar transit agencies regarding their policies and can share that information with the Board. Chair Beach stated that he personally does not have an issue with the proposed threshold increases; however, he would like the Committee to consider postponement of this item, until the next meeting, so that additional information can be provided to the Board. Commissioner Windmiller asked how many contracts have exceeded the current \$500,000 threshold, and Mr. Curran indicated that approximately 20 contracts have exceeded that amount. Mr. Curran stated that he can provide more specific information regarding this issue, prior to the Board meeting on June 24th. Commissioner Windmiller stated that this would be helpful.

A motion to postpone this agenda item, until the June 24th Board of Commissioners meeting, was made by Commissioner Simmons and was seconded by Commissioner Windmiller.

The motion passed unanimously. (This item will be postponed until the June 24th Board of Commissioners Meeting.)

8. Board Policies, Chapter 30 – Audit, Finance, and Budget

9:48 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 incorporate revisions to the *Collected Board Policies of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Chapter 30*, as outlined in the meeting materials. Crystal

Messner, Chief Audit Executive, gave an overview of this item, noting that revisions to three Sections of Chapter 30, have been presented for consideration. She noted the following proposed revisions:

- For Section 30.005 Audit Committee Charter, the changes noted are primarily to reference best auditing standards, versus the reference to Government Auditing Standards, and to correct titles especially as it relates to the Chief Audit Executive.
- For Section 30.010 Annual Audit includes a reference to hedging and correct reference to other titles.
- For Section 30.020 Internal Audit, the changes noted are to correct the reference to internal audit and other titles especially as it relates to the Chief Audit Executive.

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

The motion passed unanimously.

9. Draft - Internal Audit Policies and Procedures Manual Revision 4

9:50 a.m. A briefing paper was included in the meeting materials regarding a request that the Committee review and approve the revised Internal Audit Department Policy and Procedures Manual, as outlined in the meeting materials. Crystal Messner, Chief Audit Executive, gave an overview of this item, noting that the Internal Audit Department conducts an annual review of its Policy and Procedures Manual to ensure the following:

- Aligning professional standards to the most recent version of the Institute of Internal Auditor's (IIA) International Professional Practices Framework;
- Adjusting work paper guidance on electronic files;
- Adjusting templates with newest versions;
- Adjusting the Internal Safety Audit Process to reference the standalone operating procedure; and
- Making basic editorial changes.

Ms. Messner stated that staff is recommending that the Audit, Finance and Administration Committee approve the proposed revisions to the Internal Audit Department Policy and Procedures Manual.

A motion to accept this agenda item, as presented, was made by Commissioner Gladney and was seconded by Commissioner Windmiller.

The motion passed unanimously.

10. IAD Audit Follow-Up Summary – 3rd Qtr. – FY2022

9:52 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 an Audit Follow-Up Executive Summary Report, has been provided as a comprehensive overview, highlighting the current implementation status of recommendations issued in prior audit reports. She noted that each Recommendation has been reviewed, and its status has been classified as follows:

- Completed – The recommendation has been implemented.
- Outstanding – The recommendation has not yet been implemented, and/or the implementation date has not occurred yet.
- Overdue – The recommendation remains outstanding past the established implementation date.

Ms. Messner stated that this report should be used to determine the timeliness and the completeness of the implementation of corrective action for each item. She noted that, currently 72% have been Completed, 18% are Outstanding, and 10% are Overdue. Commissioner Windmiller asked when the Overdue items would be completed. Ms. Messner noted overlap of some of the items. She noted that these are often FTA guided, and the team is working together to get these items resolved. Commissioner Simmons asked if staff shortages contribute to this issue. It was noted that staff shortages make the process more difficult.

It was noted that this item was presented as information only, and no action by the Committee is needed.

11. Internal Audit Status Report – 3rd Quarter FY2022

9:58 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 the Internal Audit Department has provided the Committee with a summary of the IAD's quarterly activity pertaining to the Annual Audit Plan. Ms. Messner reported that, continuing the efforts for proper succession planning and organizational alignment, on April 18, 2022, IAD welcomed Bob Goeckner as our new Internal Auditor. She also noted that, due to unforeseen circumstances within the Payroll Department, the Payroll Audit planned for FY2022 will be moved to next fiscal year. Instead, IAD began the System and Physical Access Audits earlier than expected on April 1, 2022.

It was noted that this item was presented as information only, and no action by the Committee is needed.

12. Internal Audit State Safety Oversight Status Report – 1st Qtr. – Calendar Year 2022

9:59 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 this is the first year that the Agency has been early in submitting the SSO report. She reported that the Agency received approval of the report in February 2022. Ms. Messner noted that the following audit activities were proposed by Internal Audit during the 1st Quarter:

- Finalize the 2021 State Safety Oversight Internal Audit Report and submit to Bi-State Safety Oversight (BSSO) for approval;
- Create and implement a standalone Internal Safety and Security Management procedure;
- Submit 2021 SSO Internal Audit Corrective Action Plans (CAPs);
- Conduct follow-ups on nine (9) Internal SSO Audits' CAPs that are ready for closure;
- Monitor the progress on the 22 open CAPs from the 2021 non-compliance areas, including Supervisory Control and Data Acquisition (SCADA) Assessment CAPs;
- Collaborate with Kensington Consulting to plan and schedule the 2022 Internal Safety and Security Audits;

- Collaborate with Safety to create a CAP Advisory Committee to ensure progress on all SSO and SCADA CAPs; and,
- Participate in other audit activities for BSSO.

Ms. Messner reported that all of the First Quarter proposed activities were accomplished, and that the Internal Safety and Security Management Audit Standard Operating Procedure was successfully created and implemented on January 1, 2022.

This item was presented as information only.

13. Quarterly Financial Statements and
14. Treasurer's Report

10:02 a.m. Quarterly Financial Statements and Treasurer's Report were included in the meeting materials. Tammy Fulbright, Executive Vice President, Chief Financial Officer, gave a brief overview of these items, including a review of revenues and expenses for each of the Agency's Enterprises. She noted ongoing supply chain issues. In addition, Ms. Fulbright noted that the Arch is doing rather well, and the fuel hedge has resulted in gains of approximately \$2.9 million, year to date.

These items were presented for information only.

15. Treasury Safekeeping Accounts Audit ending March 31, 2022

10:07 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 reporting that, in applying the GASB Statement No. 72 Fair Value Measurement and Application, 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 March 31, 2022. Ms. Messner stated that IAD has determined that the Safekeeping Accounts exist, and the respective balances and credit ratings reported in the Treasurer's Report as of March 31, 2022 are fairly presented.

This item was presented as information only.

16. Procurement Report

10:08 a.m. A Procurement Report was included in the meeting materials regarding this item. Thomas Curran, Executive Vice President Administration, noted that three reports are contained in the Third Quarter Procurement Report, including: 1) Procurement Activity and Non-Competitive Procurement Trend Report, 2) Procurement Card Transactions Report, and 3) Contract Modifications Report. Mr. Curran noted that Third Quarter FY 2022 Non-Competitive Procurements total \$3,189,268 or 8.4% of the total Purchase Order Commitment volume of \$38,072,694. He reported that Non-Competitive Procurements total \$9,024,405, or 8.4% of the total Procurement Spend of \$107,998,497, during the last twelve months.

This item was presented as information only.

17. Unscheduled Business

10:10 a.m. There was no unscheduled business.

18. President/CEO Report

10:10 a.m. President/CEO Taulby Roach stated that he has no report, at this time.

19. Call of Dates for Future Board and Committee Meetings


10:10 a.m. Myra Bennett, Manager of Board Administration, advised the Committee of upcoming meeting, as follows:

Tentative schedule:

Board of Commissioners Meeting:	Friday, June 24, 2022	8:30 AM
Safety & Security Meeting:	Thursday, August 11, 2022	8:30 AM
Operations/Audit, Finance, Administration:	Friday, August 19, 2022	8:30 AM

20. Adjournment

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



Assistant Secretary to the Board of Commissioners
Bi-State Development