



# Agenda

March 13, 2018

## **Audit and Finance Subcommittee**

**Thursday, March 15, 2018**

10th Floor, Lake Mead Conference Room (10B)

101 N. 1st Avenue, 10th Floor

12:00 p.m.

### Action Recommended

1. Public Comment

A 15-minute opportunity will be provided to members of the public at the beginning of the meeting to address the AFS on all agenda items. The Chair may recognize members of the public during the meeting at his/her discretion. Up to three minutes will be provided per speaker or a total of 15 minutes total for all speakers.

1. For information

2. Minutes

Minutes from the February 15, 2018 Audit and Finance Subcommittee meeting presented for approval.

2. For action

3. Internal Audit Update

Mary Modelski, Manager, Internal Audit will provide an update on actions taken to continue to build Internal Audit.

3. For information

4. Valley Metro RPTA and Valley Metro Rail Fiscal Year 2019 (FY19) Preliminary Operating and Capital Budget Development

Paul Hodgins, Chief Financial Officer, will provide an update on the development of the Valley Metro RPTA and Valley Metro Rail Fiscal Year 2019 (FY19) Preliminary Operating and Capital Budgets and Five-Year Operating Forecast and Capital Programs (FY19 thru FY23).

4. For information



5. Future Agenda Items

Chair Orsborn will request future AFS agenda items from members and members may provide a report on current events.

5. For information

6. Next Meeting

The next meeting of the Audit and Finance Subcommittee is **April 12, 2018 at 12:00 p.m.**

6. For information

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print, audiocassette, or computer diskette) are available upon request. For further information, please call Valley Metro at 602-262-7433 or TTY at 602-251-2039. To attend this meeting via teleconference, contact the receptionist at 602-262-7433 for the dial-in-information. The supporting information for this agenda can be found on our web site at [www.valleymetro.org](http://www.valleymetro.org).



# Minutes

March 8, 2018

Agenda Item 2

Summary Minutes of the  
Audit and Finance Subcommittee  
Thursday, January 11, 2018  
Lake Mead Conference Room  
101 N. 1st Avenue, 10<sup>th</sup> Floor  
12:00 p.m.

## **Meeting Participants**

Councilmember Thelda Williams, City of Phoenix, Vice Chair  
Vice Mayor Robin Arredondo-Savage, City of Tempe – by phone  
Councilmember Skip Hall, City of Surprise – by phone  
Vice Mayor Brigette Peterson, Town of Gilbert – by phone

Vice Chair Williams called the meeting to order at 12:00 p.m.

### 1. Public Comment

None.

### 2. Minutes

Minutes from the January 11, 2018, Audit and Finance Subcommittee meeting presented for approval.

**IT WAS MOVED BY VICE MAYOR ARREDONDO-SAVAGE, SECONDED BY COUNCILMEMBER HALL AND UNANIMOUSLY CARRIED TO APPROVE THE JANUARY 11, 2018 AFS MINUTES.**

### 3. Hardware and Software Management Audit Report

Mary Modelski, Manager, Internal Audit, provided a brief overview of the findings for this audit. She said that Valley Metro Management agreed with each finding. Vice Chair Williams tasked Miss Modelski to provide a status report of each findings recommendation due date. Ms. Modelski's brief explanation included the following findings and due date recommendations:

- Finding 1: Outdated policies and procedures over Information Technology (IT). Recommendation due date: 3/31/18.
- Finding 2: De-centralized IT environment. Recommendation due date: 6/30/18.



- Finding 3: Hardware tracking. Recommendation due date: 6/30/18.
- Finding 4: Tracking of software. Recommendation due date: 6/30/18.
- Finding 5: Inconsistencies in tracking and monitoring of hardware purchases. Recommendation due date: 6/30/18.
- Finding 6: Oversight of patch management and testing. Recommendation due date: 3/31/18.
- Finding 7: Operating systems nearing or past the end of support. Recommendation due date: 6/30/19.

**IT WAS MOVED BY COUNCILMEMBER HALL, SECONDED BY VICE MAYOR ARREDONDO-SAVAGE AND UNANIMOUSLY CARRIED TO ACCEPT THE HARDWARE AND SOFTWARE MANAGEMENT AUDIT REPORT.**

#### 4. Non-Revenue Fleet Management Audit Report

Mary Modelski, Manager, Internal Audit, provided a brief overview of the Non-revenue Management and Audit Report. She said that Valley Metro Management agreed with each finding. Vice Chair Williams tasked Ms. Modelski to provide a status report of each findings recommendation due date. Ms. Modelski's brief explanation included the following findings and due date recommendations:

- Finding 1: Oversight of non-revenue fleet management. Recommendation due date: 4/30/18.
- Finding 2: Lack of formal policy for labeling of vehicles. Recommendation due date: 4/30/18.
- Finding 3: Inconsistent tracking and monitoring of non-revenue vehicles usage. Recommendation due date: 4/30/18.
- Finding 4: Vehicle usage at locations other than employee's primary duty location. Recommendation due date: 4/30/18.
- Finding 5: Improper security over the pool keys. Recommendation due date: 4/30/18.
- Finding 6: Improper retention of documentation. Recommendation due date: 4/30/18.

**IT WAS MOVED BY VICE MAYOR ARREDONDO-SAVAGE, SECONDED BY COUNCILMEMBER HALL AND UNANIMOUSLY CARRIED TO ACCEPT THE NON-REVENUE FLEET MANAGEMENT AUDIT REPORT.**

#### 5. Internal Audit Update

Mary Modelski, Manager, Internal Audit, provided a brief update on Internal Audit activities including:



- Hardware and Software Management Audit
- Non-Revenue Fleet Management Audit
- Ethics Policy
- Procurement Policy
- Information Technology – assisting with Software Compliance Audit with KPMG
- Capital Services – assisted with feedback on a procedure for review and approval of invoices using Aconex.
- Human Resources – recruiting staff for Internal Audit

This item presented for information.

#### 6. Fiscal Year 2018 (Fy18) 2<sup>nd</sup> Quarter Finance Reports

Paul Hodgins, Chief Financial Officer, provided an update on the FY18 2<sup>nd</sup> Quarter Finance Reports. The following items discussed included the following:

- Valley Metro RPTA Operating Results
- Valley Metro RPTA Capital Results
- Valley Metro Rail Operating Results
- Average Rail Fare – FY 2017 History/FY 2018 2<sup>nd</sup> Quarter
- Valley Metro Rail – Capital Results

This item presented for information.

#### 7. Fiscal Year 2019 (Fy19) Budget And Staffing Plan

Paul Hodgins, Chief Financial Officer, provided an update on the FY19 budget process and preliminary staffing plan including the following items:

- Strategic Initiatives
- FY18 Converted Positions
- FY18 Current Vacancies
- Staff Changes from FY18 to FY19
- Additional positions – FY18 Mid-Year
- Additional positions – FY19 Proposed
- Staff Positions by Agency
- Staff Cost as Percentage of Agency Budget
- Staff Merit Increase
- Budget Process – Audit and Finance Subcommittee and Full Committee
- FY18 Position Title Changes

This item presented for information.



#### 8. Intergovernmental Agreements, Contract Change Orders, Amendments and Awards

Paul Hodgins, Chief Financial Officer, provided a brief summary of the Intergovernmental Agreements (IGAs), Contract Change Orders, Amendments and Contract Awards that included the following items:

- Marketing Materials Storage and Delivery Service Contract Award
- RideChoice Services Contract Change Order
- Motor and Center Truck Overhaul Program Contract Award
- Tempe Streetcar Project Third Party Utility Agreements
- Tempe Streetcar Design Contract Authority Modification

This item presented for information.

#### 9. Future Agenda Items

None.

#### 10. Next Meeting

The next meeting of the Audit and Finance Subcommittee is Thursday, March 15, 2018 at 12:00 pm.

With no further discussion, the meeting adjourned at 1:00 p.m.