

CENTRAL WEST VIRGINIA TRANSIT AUTHORITY

The Board of Directors of Central West Virginia Transit Authority met in the Training Room of Central West Virginia Transit Authority on April 6, 2015 at 4:00 p.m. In addition to several members of the public the following were in attendance:

James Smith	Exponent
Bob Kramer	Vanessa Perkins
Jeff Nelson	Libby Cawthron
Anita Bower	Trey Simmerman, III
Chris McCarthy	Margaret Bailey
	Paige Moccia

Meeting brought to Order by President, James Smith, at 4:00 p.m.

First order of business Board reviewed minutes of the January 12, 2014, CENTRA Board meeting. Jeff Nelson moved to approve the minutes, second by Kramer. Discussion followed wherein Bower requested clarification on three points set forth in the minutes. First, Bower requested that the minutes regarding the General Manager's Report clarify that the amount to be received by CENTRA from the 5311 Grant for fiscal year 2015 was \$525,000.00. Next, Bower clarified that her initial discussion with Auditors regarding policy and procedure issues were not limited to calendar years 2005-2006. Finally, Bower requested that the minutes reflect that Pat Bower released documents to CENTRA pursuant to a settlement agreement and not a court order. After changes were discussed the minutes were approved with majority vote, with Bower opposed. Minutes to be entered into the record.

Motion made to move into executive session made by Nelson, second by Kramer approved by all.

After returning from executive session, the Board turned its attention to the Fiscal Year 2015/2016 Budget. President reported that CENTRA had contacted the Division of Public Transit and the County in an attempt to compile necessary figures for purposes of the Levy and 5311 revenues. Since those figures were not yet available, Board will be given a tentative draft of proposed budget as numbers are compiled. No action taken on budget due to revenue and expenditures assumptions being based on last years figures. Discussion that advertising expenditures will decrease in next budget. President predicts that the Non-bargaining unit increase will likely to be 3%. Bargaining units contractual adjustments will be included in the draft budget. Discussion that most CENTRA funds come from property tax collection/special levy with very little revenues coming from fares.

The Board next addressed the Scheduling Analyst Report. Libby Cawthron reported changes made to the Wolf Summit/Salem run which includes by-passing Adamston at

certain times of the day and taking Rt. 50 to allow drivers time to safely get to Salem and also allow time to service the BFS on Rt. 50. Cawthron reported that passenger counts are still being evaluated to determine additional changes that will better serve riders and business areas such as White Oaks.

Policies and By-laws addressed by Counsel, Trey Simmerman. Simmerman reported working with General Manager on modernization policies regarding cell phone usage, electronic media usage and social media posting. These items to be addressed in detail at future meetings.

Perkins presented the General Manager's Report. The report included 5311 and Levy funding information. General Manager reported that CENTRA received Levy funding in the amount of 1.5 million through February, 2015, with an additional \$282,000, received in March 2015, and that somewhere between \$350,000 and \$400,000 expected before June 30, 2015. 5311 summary discussed briefly. Perkins reported that CENTRA requested the total grant through January so no additional funds will be received this year. Copies of 5311 provided to Board members.

General Manager also reported that estimates are being collected for lighting and fencing work that is needed to the CENTRA property. The fencing and lighting is intended alleviate safety concerns for employees.

General Manger also reported that old buses were recently sold at auction for approximately \$4,000.00 each and money was returned to the State.

Motion made by Nelson to accept General Mangers Report, Second by Bower, approved by all.

The Financial Report was the next item of business addressed. A copy of the Financial Report was provided to the Board which included items through February 2015. Smith discussed that expenditures expected to be similar to last year with the exception of the Workers Compensation insurance costs. Previous years wages were underreported reported for purposes of Workers Compensation coverage.

Motion made by Nelson to accept Financial Report into the record, second by McCarthy approved by all.

Board next addressed 2013-2014 Fiscal Year Audit and Exit Meeting Review. Smith requested dates that the Board members could meet with Stuart Stickle of the State Auditor's Office, to address the thirteen points raised in the Audit Report. Board agreed to a special meeting to be held April 23, 2015, at 4:00 p.m. for this purpose.

Focus of the meeting turned to the thirteen findings addressed in the State Auditors

## Report of CENTRA.

First Audit item addressed was Expenditures. Auditors noted payment of expenses made without proper authorization of General Manger or Board. Auditors also noted that expense vouchers did not always have proper supporting documentation and that invoices were not always stamped as paid and sometimes lacked support that funds expended for public purpose.

Smith explained that under the previous administration the General Manager and Board Members Fazzini, Lopez and Blount were authorized signatories. It was also discussed that no current CENTRA staff was authorized to sign checks under the previous Board/administration .

Corrective action taken by this Board was then discussed. Current CENTRA policy provides that Financial Officer can prepare checks and purchase orders but possesses no check signing authority. Also all checks under \$2,500.00 require two signatures at the managerial level which is the General Manager Perkins and Cawthron. Any amounts over \$2,500.00, require signature of management and an authorized Board member.

Smith discussed that purpose of having a meeting with Auditor Stuart Stickle is to further clarify the expenditure concerns set forth in the audit report. Items that will be addressed should include a \$2,000.00 check written for a July 4, 2014, celebration at Bel Meadows Golf Club, which was listed as marketing. In addition trip expenditures should be questioned at the April meeting as well.

Question from meeting attendee Margaret Bailey was addressed regarding which current Board members are authorized signatories. Smith responded that he is authorized to sign as are Board members Kramer and McCarthy.

Next Audit issue discussed was Public Employee Recognition disbursements. Specifically, audit revealed that CENTRA Board members disbursed Authority funds for employee recognition gifts and meals without proper documentation. Audit noted that these practices violated West Virginia Ethics Commission Guidelines and West Virginia Ethics Commission Opinion.

Discussion followed which indicated that previous Board was giving employee recognition awards and Christmas bonuses which are prohibited. Corrective action by current Board ends this practice.

Audit item next addressed was the Lack of Accountable Plan for Travel Expenses. Audit revealed a failure on part of the past Board to establish and enforce an accountable plan for reimbursement of travel related expenses as required by IRS. Audit also indicated these transactions were not included on the annual W-2 forms.



Brief discussion by Smith regarding past Board members allowing disbursements for meals charged to purchasing cards and for reimbursements without proper evidence of out of town travel. Also discussed was CENTRA's commitment to following IRS guidelines moving forward. As an example of this policy, CENTRA prepared an Amended 2013, W-2 to reflect income associated with previous General Managers, personal use of a CENTRA vehicle.

Audit item next addressed was Insufficient Inventory Controls over diesel fuel and unleaded gasoline. Smith indicated that the lack of fuel controls was revealed by an employee that came forward with instances where she was authorized by past General Manager and fuel manager to utilize public fuel for personal use. Smith briefly discussed the newly created Finance and Procurement Officer as an example of new controls instituted to help address issues raised regarding inventory controls.

Segregation of Duties next item addressed. Auditor's findings suggest insufficient segregation of employee duties. Specifically, auditors took issue with employees collecting fees and other revenues, employees preparing and making deposits, and employees preparing checks and monthly reports for their respective offices.

In response to those concerns Smith addressed changes implemented by current Board regarding procedures for how lock boxes are removed from buses, how monies are counted and how deposits are made. Also discussed was segregation of duties regarding checks. Finance Officer now prepares checks and financial reports but he cannot sign checks or have control over revenues. Audit acknowledged that current Board is aware of importance of segregation of duties and that Board is reviewing all such policies and procedures.

Question presented whether the findings in this Audit were raised in previous audits and whether the current auditors had any concerns regarding financials prepared by previous auditors. A brief discussion followed that suggested that these are the types of issues that should be addressed with State Auditor Stickle at the upcoming special meeting.

Alteration of Minutes and Missing Procedures next item addressed. Smith noted that auditors found records of certain proceedings were not available to public that certain minutes did not contain required information and that minutes may have been altered upon order of General Manager.

Discussion followed regarding possible alteration of the July 2014 CENTRA Board meeting minutes. Specifically, concerns were discussed that the minutes were altered to remove any reference to a salary increase for then General Manager John Aman. The Board then approved those minutes at their October 2014 meeting with those changes.



Discussion that Minutes of July 2013 Board meeting indicate that official action was improperly taken in executive session. The minutes were then approved by the Board including Mr. Blount in his capacity of President and Mr. Fazzini in his capacity as Secretary/Treasurer. Also discussed were the October 2014 meeting minutes wherein the Board approved Mr. Lopez serving as interim General Manager.

Board's Counsel discussed briefly the cost benefit analysis of how CENTRA should proceed regarding such issues while still maintaining integrity of CENTRA.

Board next addressed Audit findings regarding Independent Contractor/Employee Classification. Auditors noted that an individual was paid by vendor checks and classified as contract labor when individual could have been classified as an employee. Auditors also indicated that CENTRA lacked policies to differentiate between classification of this individual as contract labor or employee and further that this individual was related to a person in management.

Smith indicated that the individual treated as contract labor was the wife of John Aman. In addition, checks to Mrs. Aman were signed by General Manager with a second signature by other Board signatories. Discussion suggested that sometimes the General Manager failed to present supporting invoices for Mrs. Aman's hours. Other times invoices were provided that only included hours and a pay rate. Discussion suggested that Mrs. Aman was paid for processing fares for CENTRA at the Veterans Administration four days a month. No official meeting minutes located to indicate how this arrangement was established. Rate of pay for Mrs. Aman was doubled to twenty dollars per hour in February 2014. Auditors reviewed checks associated with this arrangement.

Next discussed audit findings regarding CENTRA's Investment Policies. Auditors found that CENTRA failed to implement Governmental Accounting Standards Board requirements regarding deposit and investment risk disclosures. Discussion indicated that Auditors were concerned that all CENTRA monies were moved to one bank. Current Board is reviewing this concern.

Discussion turned to audit findings dealing with Capitalization Policy. Specifically that CENTRA has not adopted policy designating classes of capital assets, capitalization threshold, useful life of assets and a depreciation method.

Next issue addressed was Auditors findings regarding potential Use of Public Resources. Brief discussion of previous Board member Fazzini potentially using CENTRA's Trolley bus for personal event without payment.

Discussion moved to audit findings regarding Related Party. Auditors noted lack of proper documentation/controls to prevent conflicts of interest in hiring of contract labor or purchasing of insurance services. Discussion addressed need for an RFP when

insurance purchased by CENTRA. Discussion also raised concerns that previous General Manager's son sold insurance to CENTRA without RFP. Current Board committed to requiring RFP's moving forward.

Next the Board addressed Audit findings regarding Bonuses paid to Authority employees. Auditors questioned Boards ability to provide bonuses under Article VI, Section 38 of the West Virginia Constitution. Current Board is addressing this issue by halting bonuses to salaried employees until issue reviewed and are looking into the conflict with union contract for union employees.

Finally, discussion turned to the Procurement and Suspension Debarment portion of Audit. Auditors found that CENTRA failed to meet policies and procedures prescribed by grant agreements with the US Department of Transportation for purchases of commodities and service made with federal funds.

Discussion followed that suggested that Auditors took issue with work performed where invoices exceeded \$2,500.00, and there was no indication that necessary RFP was conducted.

After discussing the thirteen points set forth in the Audit Report, President Smith opened the floor for questions from those in attendance.

Paige Moccia made request of the Board to provide greater bus access for those with special needs during evening hours and for special events and holidays. Discussion followed that Board is considering feasibility of providing bus service during evening hours. Margaret Bailey suggested that CENTRA should work with City to help provide transportation to events that are being planned in the community. Discussion that CENTRA has provided services for special governmental events but that all services have to be financially feasible.

Bower inquired into the status of sweep account and the need to sign the 5311 Resolution.

Motion by Bower to submit 5311 Resolution and have the Secretary Treasurer execute same. Second by Nelson approved by all.

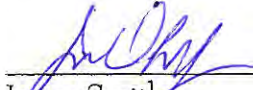
Bower inquired into election of new officers. President indicated that election could be included on agenda at special meeting with Auditors.

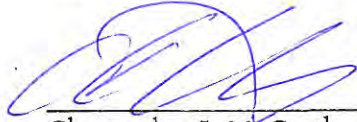
Bower requested responses to issues raised in her letter of February 23, 2015, regarding the audit and 5311 Grant. Bower agreed to resend the letter for Counsel for review.

No other business to address a Motion to adjourn was made by Kramer, a second by

Nelson and approved by all. Motion carried and meeting adjourned at 6:45 p.m.

Approved:

  
\_\_\_\_\_  
James Smith  
President

  
\_\_\_\_\_  
Christopher J. McCarthy  
Secretary-Treasurer

