



Charles D. Baker, Governor
Karyn E. Polito, Lieutenant Governor
Stephanie Pollack, MassDOT Secretary & CEO



**MASSACHUSETTS DEPARTMENT OF TRANSPORTATION
MEETING OF THE
STANDING COMMITTEE ON FINANCE AND AUDIT**

May 15, 2019
9:30 a.m.
MassDOT
10 Park Plaza
Transportation Board Room
Boston, MA 02116

PRESENT: Chair Betsy Taylor and Director Tim King

OTHERS PRESENT: David Pottier, Paul Brandley, Michelle Ho, Samantha Silverberg, David Pantagore, Jim Logan, Owen Kane and Marie Breen

Proceedings:

Chairperson Taylor called the meeting to order at 9:35 a.m. and opened with the public comment session (there were no speakers).

Next was the approval of the minutes of the March 13, 2019 meeting.

On motion duly made and seconded, it was:

VOTED: to approve the minutes of March 13, 2019.

Chair Taylor asked David Pottier, Chief Financial Officer to present Agenda Item B, an update on the FY20 Budget. Mr. Pottier said this presentation would walk the Board through projections and key assumptions for the FY20 MassDOT Operating Budget. Mr. Pottier discussed the budget highlights, and noted that MassDOT's budget was divided into toll and non-toll components. He said key funding sources included legislatively-approved transfers from the Commonwealth Transportation Fund for operations, RTA's and the Merit Rating Board, tolls, the Motor Vehicle Inspection Trust, federal grants and own source revenues.

Mr. Pottier discussed the toll and non-toll budgets in detail and said he expected to have a final budget in June or July for Board approval, as set forth in the attached document labeled, "MassDOT FY20 Operating Budget, May 15, 2019." Discussion ensued, and the members requested a breakdown of expenditures and a historical look-back of full time employees to be presented at the next Committee meeting.

Next, Chair Taylor asked Mr. Pottier to present Agenda Item C, the FY19 Operating Budget Update. Mr. Pottier noted non-tolling revenues were trending on budget and expenses were trending below budget, and both were projected to be at budget by year-end. For the toll operating budget, Mr. Pottier said revenues were trending over budget and projected to be 9% over budget at year end, adding that revenues received in excess of operating expenses would be available for pay-go capital projects on the toll roads. He noted expenses were

trending under budget and projected to be 8% under budget by year-end, as set forth in the attached document labeled, "MassDOT FY19 Q3 Year to Date Update, May 15, 2019." Discussion ensued.

Next, Chair Taylor called upon Paul Brandley, Acting Chief Financial Officer for the MBTA to present Agenda Item D, an update on the MBTA Investment Policy. Mr. Brandley said the investment policy was last updated in 2017 and requires biennial board review and approval. The Investment Policy establishes guidelines for investment of operating funds, bond proceeds, debt service funds and debt service reserve funds. Mr. Brandley said the primary objectives are unchanged: safety, liquidity, return and sustainability, and reviewed the updates to the policy, as set forth in the attached document labeled, "Investment Policy Update, May 15, 2019." Mr. Brandley said he would be going before the FMCB at the meeting on May 22, 2019 to seek approval of the updated investment policy, and the Chair recommended the Board adopt the new policy.

Lastly, Jim Logan, Director of Audit Operations presented Agenda Item E, the audit of the Southeastern Regional Transit Authority. Mr. Logan said the purpose of this audit was to focus on evaluating internal controls, standards, policies, and procedures that related to the processing of cash receipts, disbursements, reporting payroll expenses and vendor invoice transactions. Based on the results of the audit, three opportunities for improvements were identified: secure all electronic documents; develop a credit/debit card policy; and

implement an IT policy that entails the importance of changing passwords more frequently, as set forth in the attached document labeled, "Internal Audit of Southeastern Regional Transit Authority (SRTA), May 15, 2019." Mr. Logan noted SRTA was very cooperative and corrected the findings.

On motion duly made seconded, it was by roll call:

Chair Betsy Taylor Yes

Director Tim King Yes

VOTED: to adjourn at 1011 a.m.

Documents relied upon for this meeting:

MassDOT FY20 Operating Budget, May 15, 2019
MassDOT FY19 Q3 Year to Date Update May 15, 2019
Investment Policy Update, May 15, 2019
Internal Audit of Southeastern Regional Transit Authority (SRTA), May 15, 2019