

Approved 3/21/19

Pursuant to written notice sent to Board Members and pursuant to notice posted at least forty-eight hours prior to the meeting, copies of said notice having been sent to the Secretary of the Commonwealth, William F. Gavin and the Secretary of the Executive Office of Administration and Finance, Kristen Lepore, the meeting of the Finance and Audit Committee of the Franklin Regional Transit Authority was held on September 21, 2017 at the John W. Olver Transit Center, 12 Olive St., Greenfield, MA 01301.

Finance Subcommittee Members present were:

<u>Name</u>	<u>Town</u>
Dianne Cornwell	Bernardston
Peter Otten	Buckland
Robert J. Decker III	Deerfield

Also present were:

David Irwin, Adelson & Company PC.

Peter Otten called the meeting to order at 4:00pm.

1. REVIEW AND APPROVE MEETING MINUTES FROM APRIL 12, 2017 AND APRIL 27, 2017:

A **motion** was made and seconded to approve the meeting minutes from April 12, 2017. The vote was unanimous, and the **motion** carried.

A **motion** was made and seconded to approve the meeting minutes from April 27, 2017. The vote was unanimous, and the **motion** carried.

2. REVIEW DRAFT FY17 AUDIT AND FINANCIAL STATEMENTS:

David Irwin presented the draft FY17 audit to the Committee explaining the content of the report. The audit was presented with an unmodified opinion. There were two recommendations for FRTA as presented to the Committee:

1) As of June 30, 2017, the Authority's reserve for extraordinary expense is at its maximum level allowed under Massachusetts General Law 161B Section 6q. The Authority should develop a plan to use some of the reserve fund, and then request permission from the Secretary of Transportation for use on some particular project. As

part of developing the plan, the Authority could inquire of the Massachusetts Department of Transportation for guidance on what is considered an extraordinary expense. The Authority did try to utilize their reserves in fiscal year 2016 for an engine rebuild and MassDOT denied the request, instead they found funds under their capital program. FRTA did request guidance from MassDOT on what we are able to use these funds for and we have yet to receive information on this.

2) During Adelson & Company's review of Franklin Transit Management, Inc's (FTM) internal controls over payroll, they noted that FTM's Employee Master Control File showed numerous inactive/terminated employees that go back many years. In order to mitigate any potential risk in payroll, FTM should review the names of the inactive/terminated employees and determine if any should be removed from the master file. The General Manager should contact the payroll service provider for guidance on removing names from the master file. FRTA will instruct FTM to make these adjustments and delete inactive/terminated employees by October 1st.

A **motion** was made and seconded to accept the FY17 Audit Report as presented. The vote was unanimous, and the **motion** carried.

A **motion** was made and seconded to adjourn, and the meeting was adjourned at 4:45pm.