

**FINANCE, AUDIT AND COMPLIANCE COMMITTEE MEETING MINUTES
4016 WEST BROAD STREET
RICHMOND, VIRGINIA**

FEBRUARY 13, 2007, 5:30PM

PRESENT: C. T. Hill, Committee Chairman, John Montgomery, Board Chairman, C. Marshall Davison, Sherry Smith Crumley (via telephone), Thomas A. Stroup (via telephone). **ABSENT:** William T. Greer. **Director:** J. Carlton Courter, III. **Staff:** Ray Davis, John Moore, Mike Bise, Charlie Sledd, Gary Martel, Larry Harizanoff, David Whitehurst, Virgil Kopf.

Chairman Hill called the meeting to order at 5:30 pm. Mr. Hill noted for the minutes that a quorum was not present due to inclement weather and therefore no official action could be taken by the committee. He also noted that Ms. Sherry Crumley and Mr. Thomas Stroup would be participating in the meeting via the teleconference call.

Minutes of the Meeting: The minutes of the November 14, 2006 meeting were reviewed by Chairman Hill and the following changes were made: The February 20, 2007 meeting was changed to February 13, 2007 due to schedule conflicts; the July 24, 2007 meeting has been cancelled. FOIA legislation has been forwarded to the FOIA Council for review. Minutes of the November 14, 2006 meeting will be presented for approval during the March 27, 2007 Board Meeting.

Financial Statement: Virgil Kopf briefed the Committee on the current financial status of the department through the end of January, 2007. Overall financial picture is good. Our expenditures are down from what they were originally projected. The 3 factors driving this decrease are: (1) personnel vacancies; (2) delayed equipment purchases (3) delayed vehicle purchases. Items that were not funded in last year's budget are currently being reviewed to see if they can be purchased out of this year's funds to relax some of the expenditures in next year's operational budget for which we have \$900,000+ reduction in appropriation.

VITA cost will increase to about \$100,000 per month for their seat management program. Our refresh rate through VITA will be about every 5 years for desktops and about every 4 years for laptops. The budget for next year will reflect these projections.

The agency budget team was recognized for their continuing work to keep the budget on track. All divisions are working on their submission for budget request for next year. These submissions are due to the agency budget team by March 16, 2007. A draft budget for next fiscal year (2008) should be ready for the April/May committee meeting. This summer will begin the process for input into the Governor's bi-annual budget. Guidance from DPB for this process will be received sometime in the summer with the final input due in the fall.

There are 454 salaried employees as of January 31, 2007. This includes 176 sworn law enforcement officers.

The Board requested staff to prepare a reasonable consolidated list of capital improvement priorities/requirements needed over the next budget year. Some of - 2 - these items will be Board policy issues and some will be agency needs (fisheries, hatcheries, dams, and regular building maintenance, etc). The list will be reviewed by the Board.

A brief overview of the 5 year budget projection was presented and discussed.

There are 3 budget amendments (1 House; 2 Senate) being reviewed by the General Assembly. If these amendments are approved, they will have an effect on next year's operational budget.

Small Purchase Card Report: During the months of December, 2006 and January 2007, two planned events and twelve charges over \$2,500.00 were approved by the committee. The number of SPCC transactions for December was 909 and the number of SPCC transactions for January was 701. December had 107 cards without charges and January had 143 cards without charges. Employees continue to use cards in compliance with the guidelines.

Update on APA Audit Recommendations: The completion and status of the recommendations are listed below:

1. The New Board Member Guide has been completed and was adopted by the Board on December 12, 2006.
2. The Directors performance and expectations were completed by the Board on October 17, 2006. Modifications were made to the document on December 12, 2006.
3. A policy was implemented on November 1, 2006 regarding the loaning or borrowing of equipment for DGIF's mission-related activities only and includes the sign-in/sign-out procedures to account for any loaned equipment.
- 4A. A comprehensive vehicle use policy implemented November 1, 2006 which addresses a permanently assigned vehicle to an employee.
- 4B. A pilot program for all law enforcement vehicles and Richmond Headquarter's vehicles will begin in March, 2007 to review and consider the new services provided by the Department of General Services, Office of Fleet Management that manage, control and maintain fleet vehicles.
5. Discussion continues on the recommendation of hiring an Independent Auditor.

6. Divisions are tracking and controlling equipment in the Asset Management System for non-sworn personnel. A uniform equipment policy for the operating divisions was impractical due to the varied and specialized needs of fisheries, wildlife and wildlife diversity divisions
7. A policy requiring Media Services to provide quarterly project status to the Board is currently being reviewed by the Policy Committee and should be finalized by March 31, 2007. Currently, Media Services are reporting to the Finance, Audit and Compliance Committee quarterly.

The auditors seem pleased with the Board and Agency's progress on the APA recommendations. The entrance meeting to begin the current audit was conducted February 13, 2007 and the audit should be completed by March 31, 2007.

Agency Risk Management Internal Control Standards: These standards were issued by the Comptroller of the Commonwealth on November 15, 2006. The objective of Agency Risk Management and Internal Control Standards is to provide reasonable assurance of the integrity of all fiscal processes related to: (1) Submission of transactions of the Commonwealth's general ledger; (2) submission of deliverables required by financial statement directive; (3) Compliance with laws and regulations; (4) Stewardship over and safeguarding the Commonwealth's assets. These standards must be completed by June 30, 2008 with two intermediate reporting dates. Staff will present updates to the Board during this process. Training will be held for Agency Heads and Chief Fiscal Officers. It will be a great learning tool for the Agency.

Mr. Montgomery and Mr. Harizanoff discussed compensation for Agency employees. Mr. Harizanoff stated at the current time there were 3 high risk areas in the Agency: (1) Clerical and Office Services Specialist; (2) Information Technology Specialist; (3) law enforcement. Salaries are 18-25% below private sector standards. Evaluation of compensation tools are needed to keep these groups currently competitive with these standards and prevent a future high rate of turnover in the positions in the future. The highest risk of the 3 categories is the Clerical and Office Services Specialist group where their pay difference is 25% below private sector pay. The Board requested the Human Resources Director and Staff to prepare a presentation for internal options to deal with the issue for the next Finance committee meeting.

There being no further business, the meeting was adjourned at 7:30pm.

Respectfully submitted,

Beth B. Drewery
Board Secretary

