

DOES YOUR BOARD HAVE A CLUE?

Texas Transit Association 2024 Conference

Developed and Presented by:

Robbie Sarles, RLS & Associates, Inc.

&

Kristen Joyner, KJ Backpack

INTRODUCTIONS

- Why Is It Important to Have a Knowledgeable Board?
- What Makes a Good Board Member?
 - Why Are Your Board Members on the Board?
 - Who Do They Represent?
 - What Expertise, Gifts and Talents Do They Bring?
- What Are Your Expectations for Your Board?

A GOVERNING BOARD...

- Conducts Assessments of Itself and Transit System
- Sets and Evaluates Strategic Priorities
- Provides Oversight
 - Budget
 - Management
 - Compliance
 - Operations
 - Direction of transit system
- Makes Difficult Decisions

PLEASE RATE YOUR LEVEL OF AGREEMENT WITH EACH OF THE FOLLOWING STATEMENTS

[illegible]

“TRANSIT MUST OPERATE WITH THE HEART OF A CHARITY AND THE MIND OF A BUSINESS”

Does Your Board Understand What This Statement Means? Do They Agree?

- Why?
- Why Not?

BOARD FOUNDATION

- What Does Your System Do Well?
- Where Does Your System Struggle?
- What Are Your System's Biggest Challenges?
- What Opportunities Lie Ahead?

BOARD FOUNDATION

Focused Exercise: Four Questions to Focus your Board on the Mission

1. What does our agency do?
2. How do we do it?
3. Why do we do it?
4. What happens if we don't do it?

BOARD FOUNDATION

- Purpose
 - What is Your Mission?
 - What is Your Vision?
- Does Your Board Embrace Your Mission/Vision?
- How Do They Demonstrate That Knowledge?



BOARD COMPOSITION

- Selection/Appointment Process
 - Identify gaps
- Representation
 - Geographic
 - Diversity, equity and inclusion
 - Title VI
 - Stakeholders, advocates, riders
 - Subject matter expertise—legal, financial
 - Elected officials/community leaders

BOARD AND TRANSIT LEADERSHIP

The Relationship Between Transit Leadership and Governing Boards Must be Balanced to Achieve System Success.

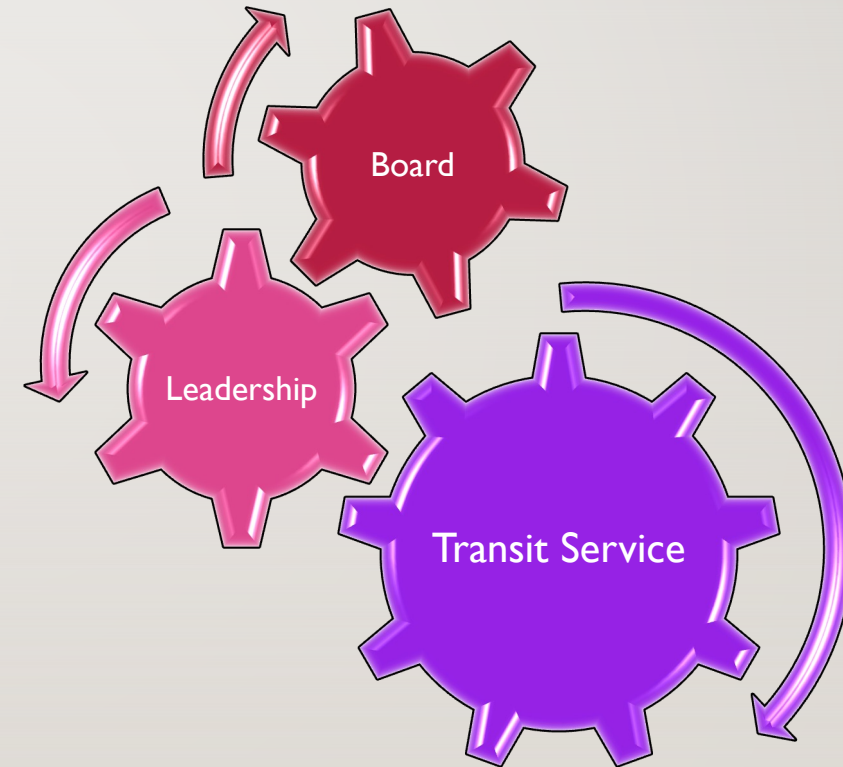


BOARD AND TRANSIT LEADERSHIP (CONT'D)

- Board
 - Sets policy
 - Minimizes role in day-to-day operations
- Staff
 - Implements policy
 - Manages day-to-day operations
- Advisory Boards

BOARD AND TRANSIT LEADERSHIP (CONT'D)

A balanced relationship with shared mission, values and vision can function to accomplish mutually agreed upon goals and objectives in an effort to provide quality transportation service in the community.



ON-BOARDING/REFRESHER BOARD TRAINING

- Mission, Values and Goals
- Legal Structure, Committees and Bylaws
- Rules of Order
 - Voting, discussion
- Open Meeting Rules
- Responsibility/Roles
- Meetings and Board Packet Content

ON-BOARDING/REFRESHER BOARD TRAINING (CONT'D)

- Organizational Structure
 - Management/staffing
- Service Structure
- Public Sector
- Funding/Grants Programs
- Ethics

ON-BOARDING/REFRESHER BOARD TRAINING (CONT'D)

- Clear Guidance on Expectations
 - Time commitment
 - Participation
 - Compensation
 - Leadership roles
 - Challenges

HOW DO YOU ON-BOARD YOUR BOARD?



FIDUCIARY RESPONSIBILITY

Fiduciary responsibility is a legal and/or ethical relationship of confidence or trust regarding the management of financial and other resources

FIDUCIARY RESPONSIBILITY (CONT'D)

Transit Managers Must Ensure the Board Has the Opportunity to

- Conduct financial strategic planning
- Conduct annual budgeting of operating and capital expenses and revenues
- Conduct monthly reviews of financial reports and variances
- Keep a close eye on the fiscal health of the system
- Review grants and grants management
 - Certifications and Assurances

FIDUCIARY RESPONSIBILITIES (CONT'D)

Transit Managers Must Ensure the Board Has the Opportunity to

- Monitor available cash amounts
- Act on fares and contract rates
- Ensure Satisfactory Reserves are on Hand
- Ensure the propriety of expenditures
- Insist on and monitor internal controls
- Actively review annual financial audits
- Review investments

FIDUCIARY RESPONSIBILITIES (CONT'D)

Transit Managers Must Ensure the Board Has the Opportunity to ...

Ensure that all Federal, state, and local laws and requirements are followed

- Financial Management
- Technical Capacity
- Satisfactory and Continuing Control
- Procurement
- Civil Rights
- Certifications and Assurances
- Other

NEWS

Former Chatham Area Transit CEO Mauldin alleges mismanagement of funds, board violations

Katie Nussbaum
Savannah Morning News

Published 9:51 p.m. ET Jan. 27, 2021 | Updated 4:06 p.m. ET Jan. 27, 2021



Following her abrupt termination by the Chatham Area Transit (CAT) board of directors on Tuesday, former CAT CEO and Executive Director Bacarra Mauldin has accused the board of disregarding both CAT and Federal Transit Authority procurement rules and violating Georgia's Open Meetings Act.



News

Lawmaker quits Bay Area transit committee, citing BART mismanagement



METRO

MTA board members admit agency mismanaged money as 'emergency' declared

By Danielle Furfaro and Danika Fears

Published June 21, 2017 | Updated June 21, 2017, 10:23 p.m. ET



GOVERNMENT & POLITICS

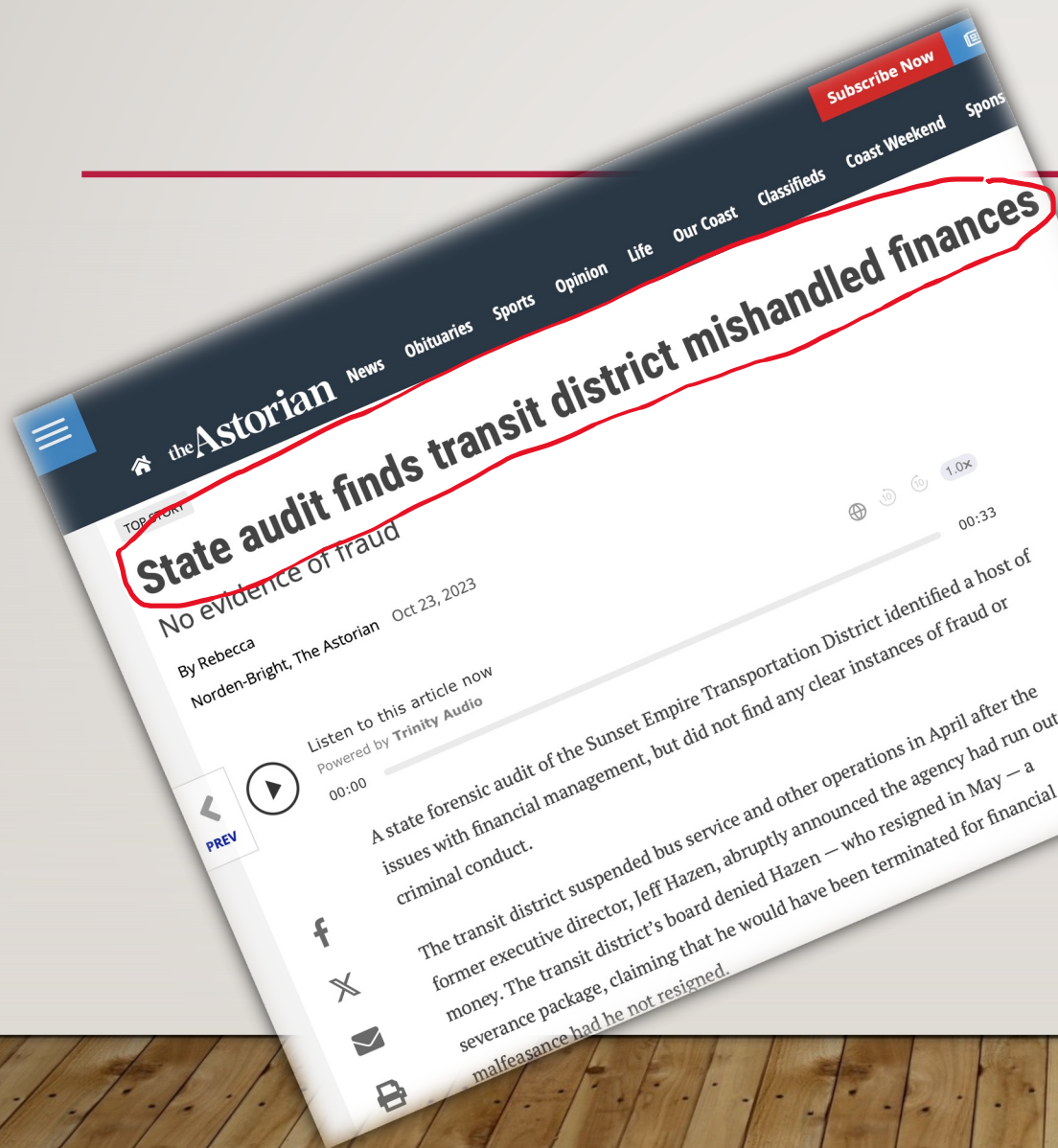
State auditor finds fraud, theft, payment for Florida vacation in audit of Norfolk transit agency

The agency's former director fled to Mexico before turning himself in last month at Texas-U.S. border

BY: PAUL HAMMEL - AUGUST 7, 2023 9:00 PM



FORENSIC AUDITOR QUOTE



“It is the responsibility of the board to be aware of SETD’s financial status and to ensure compliance with policies and procedures. . . .

While the board is not involved in the day-to-day operations of SETD, it is their responsibility to review financial reports, ask questions, and to get clear and satisfactory answers from management when budgets are set, changed or have significant variances from expectations.”

FINANCIAL REPORT BEST PRACTICES

- Format of Financial Reports
- Level of Detail—Strike Balance
- Brief Narrative
 - Items to be highlighted
 - Variance detail
- Key Financial Factors
- Committee Responsibilities

FINANCIAL STATEMENTS

- Statement of Financial Position/Balance Sheet
- Statement of Activities/Income Statement
 - Shows Income and Expenses
- Cash Flow Projection
- Current Annual Budget vs. Statement of Activities
- Treasurer and Finance Committee provide written and oral reports

FINANCIAL REPORT BEST PRACTICES

- Receive Financial Statements at Least 7 Days Before Board Meeting
- Follow Format Requested—Detail
- Include Performance Measures, Variances, Comparisons
- Provide Tables, Charts to Ease Understanding
- *7 Financial Questions Every Board Member Should Ask*

CULTURE OF ACCOUNTABILITY

- Board Members Must Establish a “Culture of Accountability”
- What Is a Culture of Accountability?

The Governing Board and Transit Manager Working Together
Under the Watchful Eyes of the Public and Media to ensure
*Business is conducted according to law and with the highest
standard of public expectations of honesty, good stewardship
and for the public good*

ETHICS

- Board Members Are Covered Under Ethics Regulations And Must Avoid Conflicts of Interest
 - Hiring
 - Procurement/contract awards
 - Gifts
- Familiarize Board Members With Your Agency's Ethics And Procurement Policies

ACTION PLAN

Robbie Sarles

RLS & Associates, Inc

rsarles@rlsandassoc.com

937-299-5007



Kristen Joyner

KJ Backpack

kjoyner@kjbackpack.com

615-390-6863

