To: Chairman Cook and the VRE Operations Board  
From: Doug Allen  
Date: January 16, 2015  
Re: Accept and Forward Management Audit Report to the Commissions

**Recommendation:**

The VRE Operations Board is being asked to accept the Management Audit Report and to forward the Report to the Commissions for their consideration.

**Background:**

At the September 2013 VRE Operations Board meeting, after discussing the Virginia Auditor of Public Accounts report “Review of the Governance Structure Over the Virginia Railway Express,” the Operations Board recommended the Commissions establish a Joint Audit Committee (JAC) and that the Commissions provide for an outside management audit of VRE. The Northern Virginia Transportation Commission and Potomac and Rappahannock Transportation Commission recognized that a management audit of VRE was desired because audits of this sort are a healthy practice for organizations to ensure optimal operational and procedural efficiency. At their respective October 3, 2013 Commission meetings, they each passed resolutions creating the JAC and directed that committee to carry out a management audit of VRE.

The Commissions jointly issued a request for proposals (RFP) and, following an evaluation of proposals received, authorized the award of a contract to Parsons Brinckerhoff to provide management audit services. The scope of that contract
included reviewing Governance documents and recently completed audits; conducting interviews to gain a comprehensive understanding of the various issues; reviewing the APA report and providing an assessment of key points and recommended actions; reviewing internal controls, and recommending procedural improvements.

On May 6, 2014 the consultant team met with the NVTC and PRTC Executive Directors and VRE’s CEO for a kick-off meeting. The consultant team met with the JAC on several occasions throughout the year to keep its members abreast of the progress of the audit and to invite feedback. At its December 19, 2013 meeting, the JAC was presented and discussed the draft Final Management Audit Report. The JAC accepted the Final Management Audit Report and is recommending it be accepted by the VRE Operations Board and the two Commissions.

**Fiscal Impact:** There is no fiscal impact.
WHEREAS, the VRE Operations Board, after discussing the Virginia Auditor of Public Accounts report “Review of the Governance Structure Over the Virginia Railway Express,” recommended the Commissions establish a Joint Audit Committee and that the Commissions provide for an outside management audit of VRE; and,

WHEREAS, the Northern Virginia Transportation Commission and Potomac and Rappahannock Transportation Commission recognized that a management audit of VRE was desired; and,

WHEREAS, the Commissions each passed resolutions creating the Joint Audit Committee (JAC) and directed the JAC to carry out a management audit of VRE; and,

WHEREAS, the Commissions jointly procured and authorized the award of a contract to the highest ranked proposer Parsons Brinckerhoff to provide management audit services; and,

WHEREAS, the Joint Audit Committee discussed and accepted the Final Management Audit Report and is recommending it be accepted by the VRE Operations Board and the two Commissions;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby accept the Management Audit Report and forward the Report to the Commissions for their consideration.

Approved this 16th day of January 2015

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John Cook
Chairman

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Paul Smedberg
Secretary