

**VIRGINIA PORT AUTHORITY  
SPECIAL REVIEW**

**AUGUST 2008**





# Commonwealth of Virginia

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

**Walter J. Kucharski, Auditor**

August 15, 2008

The Honorable Timothy M. Kaine  
Governor of Virginia

The Honorable M. Kirkland Cox  
Chairman, Joint Legislative Audit  
and Review Commission

Members of the Board of Commissioners  
Virginia Port Authority

On July 8, 2008, during the entrance conference for the Fiscal Year 2008 Financial Audit of the Virginia Port Authority, the Executive Director, Jerry Bridges, and the Finance Director, Rodney Oliver, informed the Auditor of Public Accounts of a letter dated May 19, 2008, concerning allegations of the possible misuse of state resources and requested our office investigate the allegations.

The letter made the following allegations.

1. The Executive Director and Deputy Director receive vehicle usage stipends and also have exclusive use of two of the Authority's pool vehicles.
2. There is significant salary disparity within the agency. The Authority awards raises inconsistently.
3. The Human Resource Director has publicly humiliated an employee. The Human Resource employees are not professional, are ill-equipped to address issues, and do not protect the privacy of personnel issues.
4. The Authority has paid for the personal travel of the Finance Director and he has arranged business travel for unofficial and personal needs.

## Conduct of Review

After a review of the letter, we prepared a list of allegations and developed a course of action to examine each allegation. To examine the allegations we conducted interviews with

executive management and staff and reviewed the Authority's policies, procedures, and other pertinent documentation.

Based on the work performed, we have the following findings and conclusions concerning each of the allegations.

Findings and Conclusions:

**Allegation 1:** The Executive Director and Deputy Director receive vehicle usage stipends and also have exclusive use of two of the Authority's pool vehicles.

The Executive Director, Deputy Director, and the Senior Managing Director of Marketing all receive an executive allowance, which includes an unspecified amount of allowance for personal vehicle usage. The Authority appropriately treats these allowances as taxable compensation to the individuals. The Executive Director receives \$7,500 annually while the Deputy Director and the Senior Managing Director of Marketing each receive \$12,500.

The Authority maintains three pool vehicles for staff use: a 2003 GMC Suburban, a 2006 GMC Suburban, and a 2008 Chevrolet Tahoe Hybrid. The Authority parks these vehicles at their main office at the World Trade Center, and they are available for business trips as needed. Each vehicle has a parking pass, which lets the vehicle enter and leave the garage, and a credit card for gasoline purchases only.

The 2003 Suburban is the primary pool vehicle for the office. There is a vehicle log that clearly shows the individual who has used the vehicle, the date used, the mileage driven, and the business purpose. A review of this log found many individuals in the office used the vehicle in the past year. The Executive Director is the primary user of the 2008 Tahoe Hybrid and the Deputy Director is the primary user of the 2006 Suburban, and their Executive Assistants have the keys to these vehicles.

Authority staff wishing to use the vehicles other than 2003 Suburban must contact the Executive Assistants, who will determine if they are available and not scheduled for use by the Executive Director or Deputy. However, the Authority does not maintain a vehicle log for either of these vehicles making it impossible to determine the actual usage of the vehicles by anyone.

Observation:

The Authority should keep vehicle logs for all of the Authority's pool vehicles. This log will assist the Authority in determining the actual usage of the vehicles and should include the driver, a description of the trip, the business purpose, and the starting and ending trip mileage. Additionally, if the vehicle is involved in an accident or citation, the vehicle log will affirmatively place responsibility with the appropriate individual.

Management may also wish to consider having all vehicles assignments done by the same person or section. While the process may complicate the use of the vehicles by the Executive Director or Deputy, the assignments would be consistently handled.

**Allegation 2:** There is significant salary disparity within the agency. The Authority awards raises inconsistently.

Our review of the Authorities' salaries does not reveal any abnormal disparities within similar job functions or levels of responsibility. The Board of Commissioners approves the Executive Director's salary while the Executive Director, with the assistance of Human Resources, approves salaries of management and staff. All Port Authority salaries are a matter of public record.

The Authority follows a compensation policy, which outline the parameters for setting pay bands, individual employee salaries, evaluating employee performance, and awarding raises, promotions, and bonus. Employees are required to return a signed form within the first week of employment acknowledging the contents of this policy, among others within an employee manual.

Observation:

The Human Resource Director should work with the Executive Director to re-communicate the compensation plan at least biennially to the Authority employees. The Executive Director may also wish to seek Board approval of this plan and re-publish it for employee reference annually, or biennially in order to increase transparency and employee awareness.

**Allegation 3:** The Human Resource Director has publicly humiliated an employee. The Human Resource employees are not professional, are ill-equipped to address issues, and do not protect the privacy of personnel issues.

Our review found that the Human Resource Director did publicly confront an Authority employee regarding an email that the employee had sent to co-workers. A number of staff as well as the Executive Director considered the Human Resource Director's actions inappropriate.

As a result, the Executive Director counseled the Human Resource Director on the inappropriateness of the actions and requested the Human Resource Director make an apology to the individual. The Executive Director considers this matter resolved as a result of these actions and has taken no further actions.

The administrative staff of the Authority is a relatively small group of people, who work closely within their sections and interact on a regular basis with other sections and individuals. This working environment can cause situations in which conversations and other actions gain a wider audience than anticipated. Therefore, individuals with confidential information need to exercise greater caution and discretion in discussing matters.

Our review of the education, professional certifications, and training of the Human Resource Director and staff found that each individual in Human Resources has an appropriate level of education and training commensurate with their responsibilities.

Observation:

There is no indication that the Executive Director acted inappropriately in this situation, and as noted above, staff appear appropriately trained. The Human Resource Director may wish to periodically re-emphasize the importance of discretion in discussing personnel issues.

**Allegation 4:** The Authority has paid for the personal travel of the Finance Director, and he has arranged business travel for unofficial and personal needs.

Our review of all travel reimbursements to the Finance Director over \$500 since July 1, 2005, and any other related costs found proper approval by either the Executive Director or Deputy Director for all travel. Our review found that the Finance Director's travel expenses relate directly to required training and annual conferences within his approved training plan.

The Finance Director's training plan includes the Professional Ports Manager program offered by the American Association of Port Authorities. The former Executive Director identified this certification as important to the operations of the Authority. To date, the Finance Director has obtained all training related to the certification, but must complete a research paper to attain the certification.

Observation:

There is no indication that Authority's management approved or paid any travel and expenses of a direct, personal nature for the Finance Director.

We discussed our findings with the Board Chairman and management on August 27, 2008. For those issues requiring action, management has agreed to take appropriate corrective action, as their official response.

AUDITOR OF PUBLIC ACCOUNTS

AWP/wdh