

Approved Minutes

Town of Wayland

Audit Committee Minutes

Date: October 30, 2012
Time of Meeting: 7:00 p.m.
Place of Meeting: Wayland Town Building, Selectmen's Meeting Room
Members Present: Tony Boschetto, Gordon Cliff, Ben Downs, Chris Riley

1. Call to Order

The meeting was called to order at 7:10 p.m. by Chris Riley.

2. Assign minute taker.

Chris Riley took the minutes.

3. Public comment.

There was no public comment.

4. Review/discuss/amend/approve minutes from 10/1/12 meeting.

The committee accepted and approved the minutes as amended. Vote: 4-0.

5. Review/discuss/amend/approve 8/6/12 and 8/27/12 minutes to include list of reference documents. The committee accepted and approved both minutes (8/6/12 & 8/27/12) as amended. Vote: 4-0.

6. Discuss and rank School Audit RFP Responses.

- a) Three responses (Powers & Sullivan, Grant Thornton, StoneTurn) were discussed with School Committee member Shawn Kinney.
- b) Audit Committee ranked the responses in order of preference: Powers & Sullivan (1st), Grant Thornton(2nd) and StoneTurn (3rd). Vote: 4-0. School Committee will be apprised of rank and vote.

7. Correspondence

a) The Committee discussed an email from Jay Sharry. Mr. Sharry questioned the town's financial control system.

b) The Committee decided to send the following recommendation to the Board of Selectmen:

The Audit Committee received an email from a resident (attached). We feel it is an appropriate question for the Board of Selectmen to consider. The Board of Selectmen should ask the Auditor if we have appropriate controls in place. Vote: 4-0.

7. Next Meeting is tentatively set for December 3rd at 7 pm. Items to be discussed include:

- a) Status of School Audit RFP. Support and assist Audit firm as required.
- b) Audit Schedule. Recommend to the Board of Selectmen that the Committee review interim Annual Audit report.
- c) Discus policy regarding individual member public opinion (written or oral) disclaimer.

8. Adjournment

A motion was made, seconded, and unanimously voted to adjourn. The meeting was adjourned at 8:02 pm.

Respectfully submitted,

Chris Riley

Documents:

- Jay Sharry 10-16-12 email;
- School RFP responses from Powers & Sullivan, Grant Thornton, and StoneTurn;
- August 6, 2012 draft minutes;
- August 27, 2012 draft minutes;
- October 1, 2012 draft minutes;
- Audit Committee duties re: School Audit as voted by Board of Selectmen

From: "Jay Sherry" <sherry.jay@gmail.com>

To: gcriley@comcast.net

Sent: Tuesday, October 16, 2012 9:21:59 AM

Subject: Need for a written policy or financial controls system regarding delegation of financial authority to Wayland's key managers

Chris,

Thank you for the time on the phone last night. As I mentioned, I was referred to you by Cherry Karlson, following my conversation with both her and John Bladon on this topic.

Here is my issue in a nutshell for consideration by the Audit Committee: the town lacks a financial control system that enforces some rules about the financial authority delegated to key town and school officers and executives. Worse, it lacks a simple written policy that defines what the town's key managers can and can't do at their own discretion. The only rule is to not overspend in a particular budget line item. That alone is not sufficient.

The discretionary contributions to the OPEB trust fund by the Finance Director are the case in point. Let me make three points about OPEB:

1. It may very well have been the right decision to pay down the \$45M OPEB unfunded liability. If the actuarial estimate is accurate, we're going to need to pay it eventually.
2. But it's "above the pay grade" of any single individual in town to make repeated, discretionary multi-million dollar transfers of town funds on his own, without first consulting the Finance Committee, Board of Selectmen and/or the Town Meeting.
3. I get very nervous when I learn that the chairperson of the Finance Committee is herself surprised by the OPEB contributions. Who is reviewing large financial transactions on behalf of the town's citizens and taxpayers?

While Article 5 at last week's Special Town Meeting has addressed this particular OPEB issue, similar problems will recur elsewhere in town without a financial controls system or written policy. It should not require additional staff of internal auditors if the MUNIS system itself can enforce a policy, or if the Accounts Payable clerk is properly trained to enforce a written policy. Senior managers on both the town side and school side need to know the limits of their discretion.

I trust that given the knowledge and experience of our auditors, combined with those of your Audit Committee, we can put together a pragmatic solution quickly. Surely this problem has been solved already by other towns comparable to Wayland.

Sincerely,

Jay Sherry

18 Pine Needle Road

Wayland, MA 01778

email: sherry.jay@gmail.com

mobile: +1.508-308-3422

Turkington, Frederic

From: Turkington, Frederic
Sent: Monday, August 27, 2012 2:55 PM
To: Bladon, John (jb.snowtree@verizon.net); Steven Correia (stevencorreia@comcast.net); Nolan, Joe (josephnolan1@verizon.net); Douglas Leard (douglearn@realtour4u.com); Collins, Ed
Subject: Alternative language re: School Committee request for committee support for independent review of certain school accounts

Gentlemen:

Shortly after last week's meeting, Joe asked the chair to revisit the discussion on the above referenced topic at the next meeting. Based on this request, John asked that I prepare a draft motion for Board discussion that would provide some assistance consistent with the School Committee request while preserving the integrity of the existing charge to the Audit Committee as a permanent standing committee of the town. He asked that I do so with the goal of achieving a unanimous vote of the Board.

Pasted below is the result of that effort. The motion allocates the specific tasks desired by the School Committee to the Audit Committee without amending the charge to the Audit Committee. It avoids the potential of the work being seen as precedent setting and achieves the principle of preservation of the original charge of the Audit Committee.

See you tonight at 6PM.

Fred

PROPOSED MOTION:

That the Board of Selectmen assign to the Audit Committee the following specific tasks related to the request of the School Committee for technical assistance in its evaluation of an independent review of certain school accounts to be conducted by a professional auditing or consulting firm:

- (a) conduct a review of and provide input to the School Committee on the submitted proposals received by the School Committee in response to a letter dated July 27, 2012 to invited audit/consulting firms, with specific attention given to advising the School Committee on the project scope and tasks to be completed by the audit/consulting firms;
- (b) rank order the responding firms and provide a recommendation to the School Committee; and,
- (c) support and assist the selected audit/consulting firm in responding to questions and gathering documents necessary to complete their review of certain school accounts as outlined in the scope of services.



Grant Thornton

October 7, 2012

Ms. Barb Fletcher, Chair
Mr. Shawn Kinney, Member
The Wayland School Committee
Wayland Public Schools
Wayland, MA 01778

Grant Thornton LLP
226 Causeway Street, 6th Floor
Boston, MA 02114-2155
T 617.723.7900
F 617.723.3640
www.GrantThornton.com

Dear Ms. Fletcher and Mr. Kinney,

Thank you for your continued interest in utilizing Grant Thornton LLP (“GT”) to assist you in your review of Wayland Public Schools’ checking, revolving accounts and accounts payable function. We are in receipt of your September 27, 2012 letter seeking additional qualifications including details related to our experience conducting reviews/forensic audits performed of Massachusetts municipalities and/or schools in the last two years.

We understand your desire to retain professionals with relevant experience and knowledge of the unique reporting requirements and core educational operations of municipal schools. Grant Thornton has extensive forensic accounting and financial attestation experience within higher education (including state funded special education providers, municipal schools and school districts and state and privately funded post-secondary education providers) in our New England practice. Specifically we are currently providing forensic accounting services to 3 higher education entities and attestation services to over 20 higher education entities throughout New England.

Forensic References

We believe the most applicable references are those who can provide you with feedback on our performance on forensic matters. As such the following law firms (we are primarily hired through legal counsel to provide forensic services) have engaged us to provided similar forensic services:

Dan Small
Holland & Knight LLP
10 Saint James Avenue
Boston, MA 02116
(617) 854-1453
dan.small@hdlaw.com

Damian Wilmot

Goodwin Procter LLP
53 State Street
Boston, MA 02109
(617) 570-1368
dwilmot@goodwinprocter.com

John McCormack

Sloane and Walsh LLP
Three Center Plaza
Boston, MA 02108
(617) 523-6010
jmccormack@sloanewalsh.com

At your request we are happy to provide references to individuals who can provide feedback on our municipal school district attestation work.

Work Performed by Other Experts

We understand your concerns regarding the potential for duplicative work with prior service providers. As such we will plan and conduct our work after review of procedures and findings provided by other service providers. We will approach our work in phases so there is an opportunity to revisit the scope and ensure that our work is meeting your needs and expectations. The first phase of our work will allow us to gather initial evidence and conduct focused agreed-upon procedures to allow us to plan and project the remainder of necessary phases. The first phase of our work would consist of interviews and record reviews followed by recommending procedures to be performed.

Once again we assume this initial work will take approximately a day and a half to complete and cost between \$3,000 and \$5,000. We may also incur out of pocket costs which we will also include in our invoices. While you make your decision and assess the qualifications of potential service providers, we urge you to call us with any question or comments.

Our contact information is as follows:

Peter Resnick
Peter.Resnick@us.gt.com
617-875-4517 (cell)
617-848-4930 (office)
781-433-9940 (home)

Robert L. Howard, Jr
Rob.Howard@us.gt.com
860-608-9203 (cell)
860-781-6706 (office)
860) 822-1982 (home)

Again, thank you for continuing to consider GT for this matter. We remain flexible in how we approach this work and will be happy to work with you to make it fit the needs of the school district.

Sincerely,

Peter Resnick /s/



March 22, 2012

Ms. Barb Fletcher, Chair
The Wayland School Committee
Wayland Public Schools
Wayland, MA 01778

Grant Thornton LLP
226 Causeway Street, 6th Floor
Boston, MA 02114-2155
T 617.723.7900
F 617.723.3640
www.GrantThornton.com

Dear Ms. Fletcher,

Thank you for considering Grant Thornton LLP (“GT”) to assist you in your review of Wayland Public Schools’ checking, revolving accounts and accounts payable function. We understand that the purpose of our initial work is to assist in determining the proper scope of work necessary to determine whether funds were appropriately spent based on the purpose of the funds and thus confirming no cash has been misappropriated. Based on our review of materials provided to us, you seek a firm to evaluate your accounting books and records and potentially assist you in the review of the following types of activity:

- General ledger activity (specifically accounts payable and/or disbursement activity) and banking activity.
- Compensation paid outside of the payroll system.
- Recommend controls that help avoid this or similar issues in the future.

If there are other items you would like us to accomplish or include as our scope of work, we can provide you an update.

Qualifications

We are well qualified to assist you in this matter. As you may know, GT is an international accounting firm with over 5,000 people in the United States. Locally, GT has offices in Westborough MA and Boston MA which we will utilize to staff this project.

We have deep experience in the municipal and public education industries. We currently audit 17 municipalities and five regional school districts within New England. We also have a fully staffed forensic accounting division which specializes in conducting forensic reviews. The group based in Boston currently has three on-going investigations / litigation projects in the higher education industry where public funds have been provided. The projects include an

organization providing education and housing needs to troubled youth, a private college, as well as a public special education collaborative. We understand the sensitivity and scrutiny of the situation, especially when public funds are involved.

Our team will be led by the following individuals:

Peter Resnick, CPA (MA), CFF, CFE – Peter is a Partner and the leader of our Forensic and Valuation Services Practice in New England. He has nearly twenty years conducting forensic investigations, litigation support assignments, independent monitoring services, and financial statement audits. He has provided expert witness testimony in state court, Delaware Chancery Court, arbitrations, as well as to the State Attorney General’s Office.

Robert Howard, Jr. CPA (CT) - Robert is the New England Government Practice Leader. He graduated from the University of Connecticut and holds a Bachelor of Science degree in accounting. Rob has more than 18 years of auditing and consulting experience in the public sector. He has developed a strong reputation as an expert in Federal and State single audits and has vast experience in auditing and financial consulting in the municipal industry. He served as the engagement partner on our special assignment with the Comptroller's Office of the State of Connecticut to provide accounting and financial reporting consulting to the State, including assistance provided to the State in its conversion to and compliance with GASB No. 34. In addition, Rob has conducted a special project for a local municipality related to the build-up in excess funds in a reserve account.

Greg Naviloff, CPA (MA), CFF, ABV – Greg is a senior manager in our Forensic and valuation Services Practice in New England. He is certified in Financial Forensics by the American Institute of Certified Public Accountants and has conducted numerous forensic examinations including the recent review of the books and records of an organization providing education and housing needs to troubled youth which received allegations from an employee of misappropriation of company assets.

We will staff the engagement with other team members once we learn more regarding the situation.

Fees and Arrangement

We bill our work on a time and materials basis. Our hourly rates are as follows:

Partner	\$450
Senior Manager / Director	\$375
Manager	\$300
Associate	\$200
Analyst	\$175
Para professional / Intern	\$75

We plan and conduct our work in phases so there is an opportunity to revisit the scope and ensure that our work is meeting your needs and expectations. The first phase of our work will allow us to gather initial evidence and conduct focused procedures to allow us to plan and project the remainder of necessary phases. The first phase of our work would consist of interviews and record reviews followed by recommending procedures to be performed. Based on an assumed staffing level of a Partner, Senior Manager and Associate this initial work will take approximately a day and a half to complete and cost between \$3,000 and \$5,000. We may also incur out of pocket costs which we will also include in our invoices.

If we are selected, we will present you with a formal arrangement letter that outlines all of the terms of our engagement. Further, we are required to conduct a full conflict search to ensure that we don't conduct any services that would impair our ability to serve independently.

While you make your decision and assess the qualifications of potential service providers, we urge you to call us with any question or comments. Our contact information is as follows:

Peter Resnick
Peter.Resnick@us.gt.com
617-875-4517 (cell)
617-848-4930 (office)
781-433-9940 (home)

Robert L. Howard, Jr
Rob.Howard@us.gt.com
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860) 822-1982 (home)

Again, thank you for considering GT for this matter. We are flexible in how we approach this work and will be happy to work with you to make it fit the needs of the school district.

Sincerely,

Peter Resnick /s/



Grant Thornton

Peter I. Resnick

CPA, CFF, CFE



Partner, Advisory Services – Forensics & Investigation

Peter Resnick is the leader of the Boston office of Grant Thornton LLP's Forensics and Litigation Services Practice.

Experience

Peter has experience in forensic accounting, financial consulting, financial statement audits, accounting, and fraud investigations. His clients have included law firms, Fortune 500 companies, high tech manufacturing and software companies, health care providers and insurers, and not-for-profit organizations. The wide range of industries Peter has consulted to also includes life sciences, waste and food services.

He has provided expert testimony and analysis at trial, deposition, arbitration, and mediation proceedings.

Previously, Peter was the co-national leader of the disputes & investigation practice of a nationally recognized consulting firm.

Representative engagements

Business Disputes Matters

- *Investigation Into Alleged Civil False Claims* Engaged by counsel to assist in a multi-year investigation into allegations of civil false claims.

- *Commercial Litigation Dispute re Damages*

Calculated damages and analyzed company's financial performance and impact of defendant's alleged actions.

- *Post Construction Cost Review* Performed a post construction cost review in a \$200M commercial real estate development project and identified several million dollars of cost overruns.

- *Customer Class Action Lawsuit* Assisted in the defense of a customer class action against a multi-billion dollar wholesale distributor. Allegations include racketeering to inflate prices. Provided expert analysis and assisted in discovery requests.

- *Damages Analysis re Breach of Contract* Quantified damages related to a material adverse change dispute resulting from an acquisition by a private equity firm. Employees of the acquired entity allegedly conspired to open a new, competing business before the transaction was complete.

- *Shareholder Dispute re Allocation of Profits* Engaged by counsel in a closely held shareholder dispute to analyze the allocation of business accounts based on company past practices and historical records.

- *Valuing Interests of Limited Partnership* Valued the interests of a limited partner exiting a highly successful limited partnership. Provided expert assistance to counsel throughout discovery.

- *Securities Class Action Matter* Engaged by counsel to assist a publicly traded company involved in a securities class action matter. The issues involved the appropriate accounting for revenue given an evolving business model and regulatory changes for Medicare Reimbursement.

Forensic and Complex Accounting

- *Contract Review to Ensure Contract Compliance* Engaged by multi-billion dollar wholesale distributor to review their procedures re contract compliance. Built a database that captured and analyzed key provisions of all contracts that resulted in an ensuing investigation.
- *Payroll Fraud Investigation* Analyzed payroll records for a division of a multi-billion dollar public company as a result of allegations of employee payroll fraud.
- *Investigation Into Improper Employee Conduct* Engaged by Audit Committee of large privately held company to conduct an investigation into whistleblower allegations of improper conduct between division CEO and division CFO.
- *Shareholder Lawsuit/SEC Investigation* Provided financial consulting to a multi-billion company in the high tech industry related to a shareholder suit and SEC Division of Enforcement investigation.
- *Investigation re Internal Fraud* Engaged by multi-billion dollar wholesale distributor to assist in an internal investigation of fraud committed against the company's vendors.
- *Investigation Into Workers' Compensation Compliance* Performed corporate investigation of workers' compensation rates to assess compliance with state and federal laws and presented summary of findings to State Attorney General's Office.

Life Sciences Related Matters

- *Quantified Damages for Breach of Terms of a Third Party Administrators Agreement* Engaged by counsel for a nationally recognized health plan to assess whether medical claims paid were in accordance with a Third Party Administrators' agreement.
- *Investigation into Billing Practices of Pharmaceutical Distributor* Assisted a large pharmaceutical

distributor with an internal investigation regarding billing of medications for hospice and assess compliance with Medicare regulations.

- *Provided Expert Testimony at Deposition on Reimbursement Issues* Prepared expert report in \$40M dispute between a large health insurer and hospital provider group.
- *Dispute re Breach of Fiduciary Responsibility* Provided financial analysis in a dispute between two large, regionally based healthcare providers. Matter involved analysis of whether the parent organization appropriately managed the affiliate during a five-year affiliation period.
- *Quantifying Damages* Engaged to quantify the amount of damages incurred by a veterinarian due to an allegedly false article newspaper article.
- *Dispute re Appropriate Healthcare Reimbursement Rates* Engaged as a Special Master to the independent arbitration panel in a dispute between a large healthcare provider and a national health insurer. We re-adjudicated over 25,000 unresolved claims.
- *Investigation into Sales Practices and Expense Reporting* Led internal investigation at Fortune 500 Medical Device Company into sales practices and expense reporting among its employees.

Professional qualifications and memberships

- Certified Public Accountant (CPA)
- Certified in Financial Forensics (CFF)
- Certified Fraud Examiner (CFE)
- American Institute of Certified Public Accountants
- Massachusetts Society of Certified Public Accountants
- Association of Certified Fraud Examiners

Education

University of Massachusetts Amherst, B.B.A.

Contact details

226 Causeway Street
Boston, MA 02114

T: 617.848.4930

F: 617.723.3640

Peter.Resnick@us.gt.com

[V-card](#)

Robert L. Howard, Jr., CPA



Partner, New England Government Practice Leader

Rob is a partner in Grant Thornton's Audit Services division and serves as the New England Government Practice Leader. Rob has more than eighteen years of auditing and consulting experience. He has developed a strong reputation as an expert in Federal and State single audits and has vast experience in auditing and financial consulting in the municipal industry. He served as the engagement partner on a special assignment with the Comptroller's Office of the State of Connecticut to provide accounting and financial reporting consulting to the State, including assistance provided to the State in its conversion to and compliance with GASB Statement No. 34. He also served on the Special Review Committee of the Government Finance Officer's Association (GFOA) where he performed technical reviews of comprehensive annual financial reports submitted to the GFOA's Certificate of Achievement for Excellence in Financial Reporting Program. Rob currently serves as the engagement partner for several governmental audit clients including local governments, school districts, and several quasi-governmental organizations such as housing finance authorities, resource recovery authorities, and others.

Professional qualifications and memberships

Member, American Institute of Certified Public Accountants

Member, Connecticut Society of Certified Public Accountants (CSCPA)

Member, CSCPA Governmental Accounting and Auditing Technical Committee

Member, Government Finance Officers Association, former member of Special Review Committee

Member, Government Finance Officers Association of Connecticut

Licensed as a CPA in CT, RI and MA

Served as the Treasurer for a small nonprofit organization and currently serves as its President.

Rob was named to the Hartford Business Journal's Top 40 Under Forty list. This award recognizes those professionals who are at "the top of their game" and have a demonstrated record of success.

Education

Rob earned a Bachelor of Science Degree in Accounting from the University of Connecticut.

Contact details

124 Hebron Avenue, 2nd Floor
Glastonbury, CT 06033-2063
T: 860.781.6706
F: 860.781.6706
E: rob.howard@us.gt.com

In addition to Rob's municipal audit expertise and federal single audit expertise, he has experience performing a number of special projects as follows:

Consulting Services

Rob served as a consultant to the State of Connecticut, Office of the State Comptroller under an eight year consulting agreement. A sample of consulting services provided to the Comptrollers' Office is as follows:

- Analysis of new GASB and FASB pronouncements, including benchmarking to other states. Projects included the following:
 - GASB No. 34 implementation
 - GASB No. 39 implementation
 - GASB No. 40 implementation
- Revisions to GAAP closing packages mailed by the Comptroller's Office to each state agency to be responsive to any new pronouncements
- Analysis of Core-CT (Peoplesoft) system development and implementation costs
- Financial reporting and disclosure consulting

In addition, Rob has performed a myriad of accounting and consulting services for our public sector clients, including the following:

- Implementation of new GASB and FASB pronouncements
- Internal control risk assessments
- Development of policies and procedures manuals
- Agreed-upon procedures engagements/special audits
- Assistance with bond offerings, issuance of consents, issuance of agreed-upon procedures reports to underwriter, letters to underwriters
- Training
- Analysis of State of Connecticut cost allocation plans for a major state agency
- Accounting system implementation and development of chart of accounts
- Development of monthly "flash" reporting
- DOE school construction grant closeouts
- GASB No. 42 impairment analysis

Training/Speaking Engagements

Rob has been very active with firm sponsored training seminars and with industry speaking engagements. A summary of engagements is as follows:

- Annual Governmental Accounting Standards Board (GASB) Update to firm personnel
 - May 2002
 - May 2005
 - June 2006
 - May 2007
 - August 2008
 - May 2009
 - June 2010
 - June 2011
- Firm sponsored training – Library and Research Tools, January 2010
- BDO Seidman Annual Conference, Las Vegas, NV – Hot Topics for Governments, April 2010
- Firm sponsored training – SAS No. 115, Communicating Internal Control Related Matters Identified in an Audit, October 2008
- Firm sponsored training – Government Auditing Standards, October 2007
- Connecticut Conference of Municipalities – GASB Update, October 2007
- Connecticut Association of School Business Officials – Other Post-employment Benefits, March 2006
- Firm sponsored training - Implementation of GASB Statement No. 34, June 2003
- Firm sponsored training – Preparing Single Audit Reports, September 2002
- Firm sponsored training – FASB Statements No. 116 and 117, August 2002
- Firm sponsored training – The Effect of Information Technology on the Auditor’s Consideration of Internal Control, March 2002
- Firm sponsored training – Overview of Attestation Standards, February 2002
- Connecticut Department of Transportation – How to Conduct a Federal Single Audit, January 2002
- Firm sponsored training – Federal and State Single Audit Testing, June 2001
- University of Connecticut Accounting Society – Audit Risk and Materiality, February 1999

Greg W. Naviloff



Senior Manager, Economic Advisory Services

Greg Naviloff is a Director in the Boston office of Grant Thornton's Forensic and Valuation Services practice.

Experience

Greg has provided professional services to law firms, corporations and government agencies in a wide array of industries and matters.

Greg has provided expert consultation and drafted numerous reports used in a variety of disputes involving asset and company value, labor and employment, professional malpractice, breach of contract, antitrust, bankruptcy and reorganizations, intellectual property, securities, and other corporate and litigation related-matters.

Greg has experience in fraud investigations, forensic accounting and data mining techniques, financial statement audits, and risk assessment and controls. Greg has performed the role of corporate monitor and has conducted numerous investigations into allegations of accounting fraud, false claims, employee misconduct and other forensic accounting matters.

Across these experiences, he has applied extensive financial, accounting and economic analyses involving large volumes of documents and data. Greg has utilized various data mining

techniques to identify hidden and obscured information. Greg has also developed complex financial and quantitative models to assist with the identification of potential risk areas in connection with investigations and litigation.

Professional qualifications

- Certified Public Accountant (CPA), New York State Society of Certified Public Accountants
- Certified in Financial Forensics (CFF), American Institute of Certified Public Accountants
- Certified Fraud Examiner (CFE), Association of Certified Fraud Examiners
- Accredited Business Valuation (ABV), American Institute of Certified Public Accountants

Education

Bachelors of Science, Ithaca College

Contact details

226 Causeway Street
Boston, MA 02114
T 617.848.5044
C 617.615.6020
E Greg.Naviloff@us.gt.com

Professional experience

Representative examples of Greg's engagement experience include:

Investigations & Advisory

- *Investigation, Special Education and Residential Services Provider*
Assisted client in the investigation of a former CFO's alleged asset misappropriation scheme involving petty cash and corporate credit card purchases. Assisted client accumulate evidence for insurance claim and distract attorney's office. Advised client as to control weaknesses and risk remediation.
- *Internal Review, Medical Products*
Assisted international client evaluate allegations of bribery at its Brazilian subsidiary. Performed risk assessment of operations. Evaluated books and records in compliance with Foreign Corrupt Practices Act. Performed forensic procedures and made policy and control improvement recommendations.
- *Monitoring & Investigations, Construction Materials*
Retained by certain Federal and State regulatory agencies as the Monitor of a construction materials company pursuant to a settlement agreement. Conducted an exhaustive fraud vulnerability and risk assessment in response to false claim act violations and numerous other employee misconduct issues. Conducted independent investigations on issues identified and reported findings to agencies. Identified numerous financial and operational control deficiencies. Worked with management to redesign a significant number of controls to more effectively meet control objectives.
- *Investigation, Food Distributor*
Retained by counsel to investigate allegations of accounting improprieties, financial fraud and embezzlement at a wholesale seafood distributor. Investigated allegations of accounting improprieties, financial fraud and embezzlement at a wholesale seafood distributor. Investigation included the analysis and recreation of financial statements for a period of several years. The key facts were summarized and provided to counsel and law enforcement agencies resulted in the filing of civil complaints against an executive of the company as well as further support for criminal charges.
- *Investigation, Assisted Living Facilities*
Assisted counsel and a special committee of a publicly traded operator of assisted living facilities in both an internal and resulting SEC investigations stemming from whistle blower allegations of improper accounting issues related to real estate transactions, accruals and impairment charges. Reviewed documents, interviewed numerous company personnel including senior executives, and analyzed the impact of various unsupported accounting adjustments on key quarterly financial data over the course of several years. Advised as to proper GAAP and reported findings to the committee which resulted in the termination of several executives.
- *Ponzi Scheme Investigation*
Investigated a financial investment ponzi scheme and assisted in the quantification of damages and reporting to multiple federal agencies. Procedures included the processing of large amounts of investor complaints, substantiating complaints with fraudulent broker statements and other data sources, quantified total loss by investor and reporting of findings to counsel and law enforcement
- *Accounting Investigation and Advisory, Pharma*
Assisted senior management of a publicly traded pharmaceutical testing company evaluate multiple unreconciled accounts concealed by prior management. Assisted client evaluate the propriety of; historical accounting entries (including payables, receivables, and currency adjustment accounts) and adjustments necessary to properly account for transactions. Assisted in the issuance of corrected financial statements. Led effort to implement enhanced controls.

- *Accounting Advisory, Automotive Manufacturing*
Conducted investigation into numerous accounting issues identified at a large publicly traded international truck manufacturer. Visited US and Canadian manufacturing facilities, reviewed books and records, interviewed senior management and prepared accounting memorandums and detailed support summarizing accounting errors and irregularities identified. Assisted management with preparing correcting entries and responding to external audit requests, resulting in the timely correction of several years of financial statements.
- *Accounting Advisory, Electronic Manufacturing*
Evaluated merits of DOJ and SEC allegations of improper accounting for complex revenue transactions, asset impairment, restructuring and reserve charges and accruals at an electronic equipment manufacturer. Researched and summarized relevant background surrounding each allegation. Interviewed the CFO, reviewed contemporaneous documents, evaluated external audit procedures and results, quantified impact of financial restatement and provided commentary on the appropriateness of restated balances resulting in a favorable out-of-court settlement by our client with the DOJ and SEC.
- *Accounting Advisory, Telecommunication*
Led a team evaluating the accuracy of the historical financial statements for a publicly traded telecommunication equipment company for a variety of stock based compensation expense plans in light of corporate concerns over accounting practices. Combined multiple data sets to create complex databases capable of evaluating thousands of transactions with multiple unknown variables to properly calculate stock-based compensation expense based upon multiple assumptions. Led efforts to prepare correcting accounting entries, draft accounting position papers and submissions to the SEC, and issue corrected financial statements while working collaboratively with the client and external auditors. Avoided delisting of the company's stock via timely correction of accounting errors.
- *GAAP / GAAS Compliance*
Evaluated the adequacy of audit procedures performed (GAAS) by external auditors for several private and publicly traded high tech companies. Advised as to the proper application of GAAP and GAAS for various accounts and transactions including revenue transactions and reserve accruals. Advice was instrumental to favorable settlements of accounting issues with investors.
- *Initial Public Offering (IPO), Pharmaceutical*
Assisted in the creation of carve out financial statement in conformity with GAAP for the purposes of issuing registration statements in conjunction with an IPO.
- *Transaction Advisory, Food Distributor*
Engaged by company management to review and analyze three non-core business of a multi-billion dollar food distributor. Prepared several businesses for audits in accordance with GAAP and prepared financial models to allow management to assess exit strategies. Performed financial due diligence to assess compliance with GAAP and uncover potential hidden GAAP reporting issues. Made recommendations and formal presentations to senior executives to implement strategies for each business.



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

Mr. Shawn Kinney
Wayland School Committee
Wayland, Massachusetts 01778

To Mr. Kinney:

This letter is to provide you with the additional information requested in the September 27, 2012 letter. We appreciate the opportunity to submit this information in anticipation of being selected to perform the services the School is requesting. The objective of this response is to provide answers to your questions but we have included some additional information that is an overview of our firm's experience, knowledge and leadership in serving Massachusetts municipalities. We understand the work to be done and make a positive commitment to perform the work in the required time frame.

- Our management team consists of six partners, two managers and a supervisor, all of whom are CPA's that have between 10 to 35 years of experience in municipal auditing. This deep bench strength provides you with assurance that your needs will be met.
- For our management team assigned to your engagement, we propose to have James Powers and Michael Nelligan as the partners completing the preliminary review.
- As you evaluate the responses please pay special attention to the experience level our management team has in auditing Massachusetts communities. We have included a brief biography of each partner and manager in our firm.
- We currently serve a Massachusetts client base that varies in size, complexity and location (e.g. from Springfield to Chilmark). We believe that having experience in auditing Massachusetts communities is more relevant than communities in other states
- For each of the last twenty years, over 90% of our revenues are generated from services provided to Massachusetts governments. This is our primary business and will continue to be our focus. Our six partners, James Powers, Richard Sullivan, René Davis, Craig Peacock, Michael Nelligan and Frank Seretti all pledge our ongoing commitment to the municipal market.
- You will receive friendly, courteous and timely service. You will be respected and not taken for granted. We will honor our commitments to you absolutely.
- We will meet all timing requirements agreed to in a planning meeting.

- Our service may not be the cheapest on the market, but it will always be of exceptional quality and designed to help you.
- The way we communicate with you is important to you (and therefore to us). As part of that process, we will provide you with our cell phone numbers and will return your phone calls within 24 hours.
- We will be honest and “up-front” with you at all times. We expect you would be that way too. That way, we can complete the best product possible.

The answers to your specific questions are as follows:

1. We have conducted approximately 15 reviews and forensic engagements over the past two years.
2. We have provided resumes of our management team and, as we stated previously, James Powers and Michael Nelligan will perform the preliminary review.
3. We have included a number of references that you can contact. In addition, we have provided a listing of our current clients.

Thank you for the opportunity to be considered for this engagement. I can assure you that our team will do everything in its power to provide you with the highest level of service, energy, commitment and experience.

Very truly yours,

A handwritten signature in black ink that reads "James E. Powers". The signature is written in a cursive, flowing style.

James E. Powers, CPA
Partner

Key Team Members

We will briefly list the experience of our management team as it relates to governmental auditing and accounting. A complete understanding of the process, in real life, of how financial statements are prepared is the most important requirement the team members must have in order to successfully complete the engagement. Any lack of knowledge and practical experience in this area will result in an inefficient engagement that does not adequately address the real life problems encountered in financial reporting. All of our team members possess these skills because auditing and preparing governmental financial statements is the primary focus of our firm.

James E. Powers, CPA, Governmental Engagement Partner, is the partner-in-charge of the governmental audit practice which comprises over 90% of the firm's revenue. He has over 30 years of municipal audit experience which began as an accountant with the City of Boston's Auditor's Office in 1978. He was employed by Touché Ross for several years until early 1987, one of the big eight accounting firms, as an audit manager with client responsibilities that included the Commonwealth of Massachusetts and local municipalities. In April of 1987, he founded the certified public accounting firm of Powers & Company that serviced several Massachusetts municipalities. Richard Sullivan joined with Mr. Powers in 1989 to form Powers & Sullivan.

Mr. Powers' experience in providing services to local governments for the past 30 years has given him the knowledge that you will find to be an invaluable resource. He has the ability to identify problem areas and assist in developing and implementing practical solutions to these problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Mr. Powers is committed to improving the auditing, accounting and financial reporting of Massachusetts cities and towns. Over the years, Mr. Powers has volunteered his time to conduct over 100 seminars for the Massachusetts Financial Community on a variety of accounting and auditing subjects. He was the primary author of the Massachusetts Department of Revenue's publication *A Practical Guide for Implementation of GASB Statement 34 for Massachusetts Local Governments – July 1, 2001*. The DOR produced and distributed approximately 2,000 copies of this publication.

He serves on the Massachusetts Society of Certified Public Accountants Governmental Accounting and Auditing Committee; is a member of the American Institute of Certified Public Accountants; and is a member of the Government Finance Officers Association. Mr. Powers is a member of the GFOA's Special Review Committee, a nationwide pool of CAFR reviewers. In this capacity, he is responsible for determining if CAFR's submitted to the GFOA are either awarded or denied the Certificate of Achievement for Excellence in Financial Reporting.

Richard L. Sullivan, CPA, MBA, Governmental Engagement Partner, Mr. Sullivan shares the responsibility with Mr. Powers of managing the government practice along with being the partner-in-charge of the consulting, commercial and tax practices. He has over 30 years of audit, accounting and management experience which began in 1979 with a local certified public accounting firm. He was then employed by Grant Thornton, an international certified public accounting firm, as an audit manager with client responsibilities including municipalities, public utilities, not-for-profit organizations and commercial enterprises. His private sector experience includes being the Chief Financial Officer for an international manufacturer of high technology equipment and the Chief Financial Officer for a national wholesale distributor. Richard Sullivan joined with Mr. Powers in 1989 to form Powers & Sullivan.

Mr. Sullivan's experience in providing services to local governments for the last 20+ years and commercial entities for the 10 years prior has given him the unique perspective of being responsible for being both the auditor and auditee. The practical experience of running a business, performing audits, obtaining his MBA degree and working with municipalities provides you with a significant knowledge base that can provide practical solutions to problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Mr. Sullivan firmly believes that in order for Powers & Sullivan to remain a leader in the Massachusetts municipal auditing market we have the responsibility to give back to that community. His commitment has led him to volunteer his time to conduct over 100 seminars for the Massachusetts Financial Community on a variety of accounting and auditing subjects. He co-authored the Massachusetts Department of Revenue's publication *A Practical Guide for Implementation of GASB Statement 34 for Massachusetts Local Governments – July 1, 2001*. The DOR produced and distributed approximately 2,000 copies of this publication.

He also participates as an instructor in the firm's governmental training sessions. He is a member of the Massachusetts Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and serves as the Secretary of the Boston Chapter of the Association of Governmental Accountants.

Reneé Davis, CPA, MBA, Governmental Engagement Partner, Ms. Davis has over 16 years of municipal audit experience with Powers & Sullivan and was admitted as a partner in 2008. Ms. Davis has spent 100% of her accounting and auditing career involved with Massachusetts municipalities, schools, districts and other governmental entities. She obtained her license to practice as a certified public accountant and her MBA degree while at Powers & Sullivan.

Ms. Davis' experience in providing services to local governments has given her the knowledge that is a valuable resource to her clients. She has the ability to identify problem areas and assist in developing and implementing practical solutions to these problems. She is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

As stated earlier, the firm has been auditing 13 CAFR's each of the last several years. Ms. Davis has developed an expertise on the preparation and review of these financial reports. As part of our quality control procedures a complete review of the CAFR must be done by Ms. Davis before the report is issued.

She is responsible for maintaining the firm's continuing education program. As such, she is given the responsibility to develop the firm-wide and individual plans for our staff. She develops, with Michael Nelligan, our internal governmental training sessions. She also is a very active speaker at governmental seminars for the Massachusetts Society of Certified Public Accountants along with the Massachusetts Financial Community.

Ms. Davis was the key person from our firm to assist in the development of the Massachusetts School Building Authority's (MSBA) audit guidelines.

She is a member of the Massachusetts Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the Association of Governmental Accountants. Reneé completed a two-year term as the chairperson for the Massachusetts Society of Certified Public Accountant's Governmental Auditors Auditing Committee.

Craig Peacock, CPA, MST, Governmental Engagement Partner, Mr. Peacock has been with the firm for over 16 years and has performed over 150 comprehensive single audit and consulting engagements for Massachusetts' governments. He obtained his license to practice as a certified public accountant and his MST while at Powers & Sullivan. He was promoted to manager in 2001 and admitted as a partner in July 2010. His primary responsibility is to provide services to our governmental clients and his secondary responsibility is to work with Mr. Sullivan to manage our tax and commercial practices.

Mr. Peacock's experience in providing service to local governments has given him the knowledge that is a valuable resource to his clients. He prides himself in being very attentive to his client's needs and has demonstrated the ability to assist them throughout the year. His engagements are planned well in advance of the field work and his clients are well informed as to the expectations of both parties. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies. He will work directly with your staff and be on-site as part of the audit process. This hands-on approach allows officials the opportunity to deal with him directly on any issue or concern throughout the year.

He is responsible for conducting many of the firm's internal governmental training sessions. Craig provides guidance to our staff on all tax related matters along with providing the initial technical advice on new governmental standards. Some of his larger clients include Brookline, Lowell, Somerville, Plymouth, Abington and Belmont.

He also participates as an instructor in the firm's governmental training sessions. He is a member of the Massachusetts Society of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the American Institute of Certified Public Accountants.

Michael Nelligan CPA, Governmental Engagement Partner, Mr. Nelligan has over 30 years of audit, accounting and management experience which began in 1981. Mike began his career as an auditor with Grant Thornton in Boston, Massachusetts in 1981. During his 7 years with Grant Thornton, he rose to the level of Audit Manager with a client base of governments, public utilities, public universities, manufacturing, retail, hospitals, wholesale distributors and various non-profit organizations. These entities ranged from start-ups to large publicly traded companies. In 1988, Mike accepted the position of CFO with an east coast wholesale distribution firm where he managed all aspects of the company's operations. After the sale of the company in 2002, Michael joined Powers & Sullivan and currently audits many cities and towns, municipal utilities and non-profit organizations.

Mr. Nelligan's experience in providing audit services and working for commercial entities has given him the unique perspective of being responsible for being both the auditor and auditee. The practical experience of running a business, performing audits and working with municipalities provides you with a significant knowledge base that can provide practical solutions to problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Michael is responsible for maintaining the firm's continuing education program. As such he is responsible to develop the firm-wide and individual plans for our staff. He develops, with Reneé Davis, our internal governmental training sessions. He also is a very active speaker at governmental seminars for the Massachusetts Society of Certified Public Accountants along with the Massachusetts Financial Community.

Michael works directly with Frank Serreti and Todd Jurczyk to manage all of the engagements conducted in accordance with the Massachusetts Department of Elementary and Secondary Education's (ESE) Compliance Supplement applicable to Massachusetts School Districts End-of-Year Financial Report. The firm completes over fifty of these engagements each year. Some of his larger clients include Barnstable, Wellesley, Springfield, Billerica, Hingham and Marshfield.

Memberships include the American Institute of Certified Public Accountants, the Massachusetts Society of Certified Public Accounts, the Association of Government Accountants and the Massachusetts Government Finance Officers Association.

Frank Serreti CPA, Governmental Engagement Partner, Mr. Serreti has been with the firm for over 16 years and has performed over 150 comprehensive single audit and consulting engagements for Massachusetts' governments. He obtained his license to practice as a certified public accountant while at Powers & Sullivan and was promoted to our management team in 2001.

Mr. Serreti's experience in providing service to local governments has given him the knowledge that is a valuable resource to his clients. He prides himself in being very attentive to his client's needs and has demonstrated the ability to assist them throughout the year. His engagements are planned well in advance of the field work and his clients are well informed as to the expectations of both parties. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

As stated earlier, the firm has been auditing 13 CAFR's each of the last several years. Mr. Serreti has been responsible for the submission of Andover's and Waltham's CAFR's to the GFOA for their award program. He is also a member of our quality control team that is responsible for reviewing CAFR's before they are submitted to the GFOA.

He is responsible for conducting many of the firm's internal governmental training sessions. Frank works directly with Michael Nelligan and Todd Jurczyk to manage all of the engagements conducted in accordance with the Massachusetts Department of Elementary and Secondary Education's (ESE) Compliance Supplement applicable to Massachusetts School Districts to the End-of-Year Financial Report. The firm completes over fifty of these engagements each year. Some of his larger clients include Andover, Beverly, North Andover, Wakefield, and Woburn.

He is a member of the Massachusetts Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the Association of Governmental Accountants. Frank just completed a term as the chairman of the MSCPA Government Accounting and Auditing Committee.

Todd Jurczyk, CPA, Governmental Manager, Mr. Jurczyk has over 12 years of governmental auditing and accounting experience. He started his governmental experience with the Fiscal Management Office of MassHighway (MHD) in 1997. While at MHD he was a member of the Commonwealth's GASB 34 implementation team; responsible for capital asset accounting; responsible for the accounting of major construction projects; responsible for compliance with federal grants; responsible for auditing the compliance of contracts with procurement laws; and was the liaison between MHD, the Comptroller's Office and the external auditors. He passed all parts of the certified public accountant's exam while at MHD. The experience at MHD has made Todd very knowledgeable in compliance auditing and specifically proficient at conducting Single

Audits. He joined Powers & Sullivan in 2003, became a licensed CPA in 2006 and was promoted to manager in July 2009.

Todd spends 100% of his time at Powers & Sullivan working on our governmental clients. In 2008, the City of Quincy was obtained as a new client and Todd was assigned the task of managing one of our largest clients. He managed the entire single audit which also included a separate audit of Quincy College. This demonstrates his ability to manage a large and complex engagement with positive results for our firm and the client. Todd was substantially involved with the City of Springfield single audits and End-of-Year Financial Report engagement. Some of his other clients include Wellesley, Belmont, Billerica, Abington, Somerset and Oak Bluffs.

Todd is a member of our quality control team responsible for reviewing CAFR's prior to submittal to the GFOA award program. He is responsible for the audit of three clients that prepare CAFR's. He is part of our team that establishes our auditing procedures and our main in-house instructor for auditing requirements under A-133 and the Single Audit Act. He is a member of the Massachusetts Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Dennis Keohane, CPA, Governmental Manager, Mr. Keohane has 10 years of governmental auditing and accounting experience with Powers & Sullivan. He obtained his license to practice as a certified public accountant while at Powers & Sullivan and was promoted to our management team several years ago.

Dennis has spent 100% of his time at Powers & Sullivan working on our governmental clients. We have assigned him the responsibility to be part of the management team of several of our largest and complex clients.

He has performed well in this management role and our clients are more than satisfied with his performance. He has demonstrated his ability to manage large and complex engagements with positive results. Some of his largest clients include Springfield, Plymouth, Brookline and Burlington.

Dennis is a member of our quality control team responsible for reviewing CAFR's prior to submittal to the GFOA award program. He is part of our team that establishes our auditing procedures and an in-house instructor for general government auditing requirements. He is a member of the Massachusetts Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Andrea Mainville, CPA, Governmental Supervisor, Ms. Mainville has over 5 years of governmental auditing and accounting experience with Powers & Sullivan. She obtained her license to practice as a certified public accountant while at Powers & Sullivan.

Andrea has spent the majority of her time at Powers & Sullivan working on our governmental audit clients. She has been assigned the responsibility to be part of the management team of a wide variety of our municipal clients ranging in size and complexity, and several which have applied for and received the CAFR award from the GFOA. She has performed well in this role and our clients are extremely pleased with her performance. Some of her clients include Salem, Peabody, Beverly, Marblehead and Manchester-by-the-Sea.

Andrea is a member of the Massachusetts Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

The schedules that follow are intended to provide a snapshot of our client base and the scope of services provided to them.

Cities & Towns over \$100 Million in Revenue

	Audit Services	ESE Engagement	Years of Service	Total Revenues	Total Single Audit	CAFR
1 Springfield	X	X	5-10	\$ 733,000,000	\$ 92,000,000	X
2 Lowell	X	X	over 10	\$ 520,000,000	\$ 45,000,000	
3 Quincy	X	X	1-5	\$ 468,000,000	\$ 25,000,000	
4 Waltham	X	X	1-5	\$ 351,000,000	\$ 7,000,000	X
5 Somerville	X	X	over 10	\$ 325,000,000	\$ 17,000,000	
6 Lawrence	X	X	1-5	\$ 324,000,000	\$ 30,000,000	
7 Brookline	X	X	5-10	\$ 291,000,000	\$ 7,000,000	
8 Peabody	X	X	over 10	\$ 263,000,000	\$ 8,000,000	
9 Plymouth	X	X	5-10	\$ 248,000,000	\$ 9,000,000	
10 Wellesley	X	X	5-10	\$ 233,000,000	\$ 2,000,000	X
11 Braintree	X	X	5-10	\$ 222,000,000	\$ 3,000,000	
12 Barnstable	X	X	5-10	\$ 196,000,000	\$ 9,000,000	X
13 Salem	X	X	5-10	\$ 193,000,000	\$ 10,000,000	X
14 Andover	X	X	5-10	\$ 191,000,000	\$ 4,000,000	X
15 Arlington	X	X	over 10	\$ 191,000,000	\$ 6,000,000	
16 Nantucket	X	X	5-10	\$ 171,000,000	\$ 2,000,000	
17 Beverly	X	X	over 10	\$ 171,000,000	\$ 8,000,000	
18 Woburn	X	X	over 10	\$ 170,000,000	\$ 3,000,000	
19 Chelsea	X	X	1-5	\$ 165,000,000	\$ 16,000,000	X
20 Belmont	X	X	1-5	\$ 152,000,000	\$ 2,000,000	
21 Billerica	X	X	over 10	\$ 151,000,000	\$ 2,000,000	
22 Wakefield	X	X	over 10	\$ 149,000,000	\$ 2,000,000	
23 Chelmsford	X	X	1-5	\$ 144,000,000	\$ 2,000,000	
24 Milton	X	X	over 10	\$ 140,000,000	\$ 3,000,000	
25 Marblehead	X	X	over 10	\$ 138,000,000	\$ 2,000,000	X
26 Hingham	X	X	1-5	\$ 133,000,000	\$ 2,000,000	X
27 Melrose	X	X	over 10	\$ 131,000,000	\$ 2,000,000	
28 Tewksbury	X	X	5-10	\$ 124,000,000	\$ 2,000,000	
29 Burlington	X	X	5-10	\$ 123,000,000	\$ 2,000,000	
30 Canton	X	X	1-5	\$ 110,000,000	\$ 2,000,000	X
31 North Andover	X	X	1-5	\$ 101,000,000	\$ 3,000,000	

Cities & Towns under \$100 Million in Revenue

	Audit Services	ESE Engagement	Years of Service	Total Revenues	Total Single Audit	CAFR
32 Marshfield	X	X	1-5	\$ 95,000,000	\$ 3,000,000	X
33 Agawam	X	X	5-10	\$ 94,000,000	\$ 3,000,000	
34 Westwood	X	X	5-10	\$ 88,000,000	\$ 1,000,000	X
35 Duxbury	X	X	5-10	\$ 82,000,000	\$ 2,000,000	X
36 Somerset	X	X	5-10	\$ 80,000,000	\$ 1,000,000	
37 Scituate	X	X	1-5	\$ 80,000,000	\$ 2,000,000	
38 Wareham	X	X	1-5	\$ 72,000,000	\$ 5,000,000	
39 Ipswich	X	X	1-5	\$ 63,000,000	\$ 2,000,000	
40 Abington	X	X	5-10	\$ 54,000,000	\$ 1,000,000	
41 Georgetown	X	X	over 10	\$ 36,000,000	\$ 1,000,000	
42 Lunenburg	X	X	1-5	\$ 35,000,000	\$ 1,000,000	
43 Leicester	X	X	1-5	\$ 33,000,000	\$ 1,000,000	
44 Oak Bluffs	X		over 10	\$ 31,000,000	\$ 1,000,000	
45 Monson	X	X	over 10	\$ 30,000,000	\$ 1,000,000	
46 Acushnet	X		over 10	\$ 29,000,000	\$ 1,000,000	
47 Orange	X	X	1-5	\$ 27,000,000	\$ 3,000,000	
48 Rowley	X		over 10	\$ 25,000,000	\$ -	
49 Manchester-By-The-Sea	X		1-5	\$ 25,000,000	\$ -	
50 Freetown	X		1-5	\$ 22,000,000	\$ -	
51 Boxborough	X	X	5-10	\$ 21,000,000	\$ -	
52 Wellfleet	X		1-5	\$ 20,000,000	\$ -	
53 Rehoboth	X		1-5	\$ 20,000,000	\$ -	
54 Groveland	X	X	5-10	\$ 18,000,000	\$ -	
55 Lancaster	X	X	1-5	\$ 18,000,000	\$ -	
56 Wenham	X	X	5-10	\$ 17,000,000	\$ 1,000,000	
57 Chilmark	X		5-10	\$ 8,000,000	\$ -	

Schools

	Audit Services	ESE Engagement	Years of Service	Total Revenues	Total Single Audit
1 Wachusett Regional School District	X	X	5-10	\$ 92,000,000	\$ 4,000,000
2 Manchester Essex Regional School District	X	X	5-10	\$ 55,000,000	\$ -
3 North Middlesex Regional School District	X	X	1-5	\$ 54,000,000	\$ 3,000,000
4 Quabbin Regional School District	X	X	5-10	\$ 51,000,000	\$ 2,000,000
5 Nashoba Valley Regional School District	X	X	5-10	\$ 47,000,000	\$ 2,000,000
6 Pentucket Regional School District	X	X	1-5	\$ 40,000,000	\$ 1,000,000
7 Hamilton-Wenham Regional School District	X	X	1-5	\$ 36,000,000	\$ 600,000
8 Lincoln-Sudbury Regional School District	X	X	5-10	\$ 31,000,000	\$ -
9 Tantasqua Regional School District	X	X	5-10	\$ 30,000,000	\$ 1,000,000
10 Southeastern Regional School District	X	X	1-5	\$ 25,000,000	\$ 2,000,000
11 Blue Hills Regional School District	X	X	5-10	\$ 23,000,000	\$ 2,000,000
12 Quincy College	X		1-5	\$ 17,000,000	\$ -
13 Essex Agricultural & Technical High School	X	X	5-10	\$ 12,000,000	\$ 600,000
14 Nashoba Valley Technical Regional School District	X	X	5-10	\$ 12,000,000	\$ -
15 Francis Parker Charter School	X	X	5-10	\$ 5,000,000	\$ -

Retirement Systems

	Audit Services	Years of Service	Total Assets
1 Middlesex County	X	over 10	\$ 780,000,000
2 Springfield	X	5-10	\$ 313,000,000
3 Lowell	X	over 10	\$ 283,000,000
4 Brookline	X	5-10	\$ 227,000,000
5 Somerville	X	over 10	\$ 174,000,000
6 Waltham	X	1-5	\$ 170,000,000
7 Arlington	X	over 10	\$ 146,000,000
8 Wellesley	X	5-10	\$ 145,000,000
9 Braintree	X	5-10	\$ 142,000,000
10 Peabody	X	over 10	\$ 121,000,000
11 Plymouth	X	5-10	\$ 113,000,000
12 Woburn	X	over 10	\$ 111,000,000
13 Lawrence	X	1-5	\$ 103,000,000
14 Wakefield	X	over 10	\$ 102,000,000
15 Salem	X	5-10	\$ 101,000,000
16 Andover	X	5-10	\$ 99,000,000
17 Marblehead	X	over 10	\$ 93,000,000
18 Milton	X	over 10	\$ 91,000,000
19 Beverly	X	over 10	\$ 86,000,000
20 Belmont	X	1-5	\$ 70,000,000
21 Melrose	X	over 10	\$ 69,000,000
22 Chelsea	X	1-5	\$ 68,000,000

MUNICIPAL CLIENT REFERENCES

As requested, please find several client references. These were chosen so that you would be able to evaluate our experience of all partners. Please let us know if you would like additional contacts.

SELECTED EXPERIENCE AND REFERENCES

City of Melrose

We have audited the City of Melrose since FY1994 and have recently extended our contract through FY2013. We have provided various consulting services and completed the Compliance engagements for the DESE End of Year Financial Report. The City's revenues were \$131 million and the federal grant expenditures were approximately \$2 million. Mr. Sullivan serves as the engagement partner.

References:	Mr. Patrick Dello Russo, CFO/City Auditor	781-979-4107
	Mr. Robert J. Dolan, Mayor	781-979-4500

City of Quincy 1305 Hancock Street Quincy, Ma 02169

We have been selected to audit the City and College for FY2008 through FY2013. In addition to the audit, we have provided various consulting services and completed the Compliance engagements for the End of Year Financial Report. City revenues were \$438 million and expends approximately \$22 million per year in federal grants. Mr. Powers serves as the engagement partner and Mr. Jurczyk as the manager.

References:	James Fatseas, Chief of Staff	617-376-1990
	Mark Cavanaugh, Chief Financial Officer	617-376-1264
	Thomas P. Koch, Mayor	617-376-1990

Town of Marblehead

We have audited the Town and its Retirement System since FY2000. We assisted the Town complete its first **CAFR** in FY2002. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year since. In addition to the audit, we have provided various consulting services and completed the Compliance engagements for the DESE End of Year Financial Report. Mr. Powers and Ms. Davis serve as the engagement management team.

Reference:	Mr. John McGinn, Town Accountant	781-631-1705
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City of Salem

We have audited the City and its Retirement System since 2005 and for each year have assisted the City complete its **CAFR**. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year. In addition to the audit, we have provided various consulting services and completed the Compliance engagements for the DESE End of Year Financial Report. Mr. Powers and Ms. Davis serve as the engagement management team.

References: Kimberley Driscoll, Mayor 978-745-9595x5600
Mr. Richard Viscay, Finance Director 978-745-9595x5625

Town of Wellesley

We were selected by the Audit Committee, through a competitive bidding process, to conduct the audit of the Town, Retirement System and Electric Department since FY2004. We assisted the Town complete its first CAFR in FY2004. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year since 2004. We also completed the Compliance engagements for the DESE End of Year Financial Report. The Town has maintained their AAA bond rating for several years. Mr. Powers and Mr. Nelligan have served as the engagement management team since FY2004.

References: Hans Larson, Executive Director 781-431-1019 x2200
Sheryl Strother, Finance Director 781-431-1019 x2214



StoneTurn Group, LLP
75 State Street, 9th Floor
Boston, MA 02109
t 617.570.3700 f 617.570.3799

October 7, 2012

Shawn Kinney
The Wayland School Committee
Wayland Public Schools
Wayland, MA 01778

Re: StoneTurn's submission to the Wayland Public School Committee's supplemental RFP dated September 27, 2012

Dear Mr. Kinney:

Thank you again for the opportunity to present our qualifications to the Wayland School Committee. This letter is in response to the Committee's September 27, 2012 letter in which the Committee requested additional information and should be read in conjunction with our previous submissions to the Committee. The following are StoneTurn Group's responses to those requests.

- 1. Please provide the number of reviews/forensic audits that your organization has performed of Massachusetts municipalities and/or schools in the last two years.***

StoneTurn Response:

StoneTurn professionals have significant experience assisting public sector and not-for-profit clients in a variety of matters, including matters for municipalities and educational facilities. The following are summaries of a selection of StoneTurn's experience in these areas over the past two years.

- Work on behalf of Massachusetts Government Entities and Municipalities:*

StoneTurn was appointed by the Massachusetts Attorney General's Office to be a Confidential Trustee for a Top 15 insurance company to oversee several million dollars of funds to be paid to certain policy holders under a settlement. StoneTurn had responsibility for establishing custody and trustee accounts and executing controls and protocols over investment and disbursement of funds. Our work on this matter was led by Tony Jordan.

StoneTurn was engaged by a Massachusetts municipality to assist in its response to a claim that it had allegedly caused damages and lost profits to an owner of a landscaping and mulch business by revoking permitting. StoneTurn reviewed thousands of pages of business plans, pro forma financial statements and other financial documentation and

prepared a rebuttal report on behalf of the Town and its representatives. Our work on this matter is ongoing and has been led by Tony Jordan with assistance from Kyla Curley.

StoneTurn was engaged by a private entity that manages property for the State of Massachusetts to perform an investigation of funds misappropriated by an employee. Our work involved performing a forensic review to identify any schemes perpetrated by the individual and to summarize the funds stolen for a calculation of reimbursement to the state. At the conclusion of our engagement we presented our findings to representatives of the Massachusetts Division of Capital Asset and the Massachusetts Attorney General's Office. Our work on this matter was led by Tony Jordan.

StoneTurn Managing Partner Simon Platt is a current member of the Town of Carlisle, Massachusetts' Audit Committee and a former member of the Town of Carlisle's Finance Committee. In these roles, Simon has experience reviewing municipal plans and budgets, overseeing the Town's outside audit firm and making recommendations regarding the town's operations and finances. As highlighted in our proposal, Simon would be the concurring partner should we be engaged to assist in this matter.

In addition to the above, StoneTurn has been and is currently engaged by various local, state and federal governmental agencies to perform forensic accounting and other work. Some of these entities include the City of Boston, the Commonwealth of Massachusetts, the State of Rhode Island, the State of Vermont, The Department of Justice and the United States Securities and Exchange Commission

- *Work on behalf of Educational Institutions:*

We were engaged by a Massachusetts educational collaborative to perform a forensic review in response to a memorandum of understanding entered into with the Massachusetts Department of Elementary and Secondary Education. Our work has involved the review of payments and business dealings with a third party administrator in order to determine the validity of funds spent on the Collaborative's behalf and whether any funds should be reclaimed by the collaborative related to these prior dealings. This work has been led by Tony Jordan and has involved other StoneTurn professionals.

StoneTurn professionals worked with counsel in investigating an asset misappropriation and tax evasion scheme perpetrated by the overseas accountant of a study-abroad program for a small private United States university. Our professionals conducted interviews with University employees to determine the pervasiveness of the alleged fraud and made control recommendations to the Executive and Audit Committees. This work was performed by Toby Ralston.

StoneTurn professionals assisted in-house counsel with the investigation of a large false-billing scheme by a university employee of a small public university. Our professionals teamed with University counsel to present findings to the U.S. Attorney's office and uncovered multiple avenues under which the subject funneled assets away from University control. This work was performed by Toby Ralston.

StoneTurn professionals assisted in the investigation of an employee embezzlement scheme for a small private college, whereby the subject falsified expense reimbursements and circumvented controls over the College's cash disbursement processes. Our professionals discretely investigated faculty members suspected of participating in the asset misappropriation scheme and implemented new control procedures over the college's accounting office in conjunction with internal audit members and the Audit Committee. This work was performed by Toby Ralston.

2. *Please provide, if your firm has not already, the credentials of the key individuals that you anticipate would be involved in the preliminary review.*

StoneTurn Response:

In order to meet the Committee's needs, our team will include individuals with experience performing forensic accounting investigations and internal control assessments, including matters examining non-compliance with policies and procedures, conflicts of interest, fraudulent disbursements, and questionable business practices. Our team would be led by StoneTurn Partner Tony Jordan, consulting with Simon Platt based on his municipal committee experience. It is also anticipated that Kyla Curley, a Managing Director, and/or Toby Ralston, a Manager, under Tony's ultimate direction, would lead the day-to-day of the engagement and be supported by at least one or two Consultants and/or Senior Consultants.

We have included a brief description of Tony's, Kyla's and Toby's background.

- **Tony Jordan** is a partner in the Boston office with more than 15 years combined experience in forensic accounting, litigation consulting and auditing. He specializes in forensic accounting investigations, issues surrounding Generally Accepted Accounting Principles ("GAAP"), and general business related disputes. Tony has extensive litigation consulting, forensic accounting and auditing experience and is a certified public accountant ("CPA"). He has been involved in a variety of investigations working on behalf of Special Committees formed by the Board of Directors, directors, officers and/or senior management. These investigations have included analysis of numerous employee improprieties and/ or defalcations and various Securities and Exchange Commission ("SEC") reporting matters including revenue recognition matters, accounting for promotional marketing allowances, accounting for derivative transactions, accounting for

stock options, the adequacy of various reserves, inventory manipulations, and various other issues revolving around the interpretation and application of GAAP.

Prior to joining StoneTurn, Tony worked at the SEC where he was the Boston District Office Accounting Branch Chief overseeing all accounting-related investigations; he was at the SEC from 2003 through 2006.

In addition, Tony has been actively involved on the boards of not-for-profits, including the following entities and positions:

- Boston Public Library – Member of Finance Committee
 - Massachusetts Adoption Resource Exchange – Treasurer and Chair of Finance Committee
 - Boston Public Library Foundation – Former Chair of Finance and Audit Committee
 - Massachusetts Society of Certified Public Accountants – Former Board Member
- **Kyla Curley** is a Managing Director in the Boston office of StoneTurn Group, with over 12 years of experience. Kyla has experience with a variety of investigatory and litigation matters, including class action securities claims, financial statement restatements, loss claims and economic damages, business interruption claims, royalty audits, general business litigation and other special audits and investigations. Specifically, Kyla has participated in several engagements involving improper revenue recognition and other issues related to the interpretation of GAAP, including accounting for stock-based compensation, inventory and other reserves, employee and executive fraud and defalcation, billing and pricing disputes, partnership equity allocation, illegal use of public funds and accounting record reconstruction. Further, she has experience in a variety of industries, including computer hardware and software, manufacturing, construction, healthcare, retail, energy and biotechnology.

Prior to joining StoneTurn, Kyla's relevant dispute consulting and forensic accounting experience includes four years with Deloitte in their Financial Advisory Services Group in Boston.

In addition, Kyla is actively involved on the boards of not-for-profits, including the Neighborhood of Affordable Housing in East Boston, MA, where she serves on the Board's Audit and Finance Committee, and the Women's Bar Foundation of Massachusetts.

- **Toby Ralston** is a Manager with StoneTurn with over five years of experience assisting clients and counsel in complex business litigation, forensic accounting, boards of director

investigations and intellectual property matters. He has assisted clients in these areas by providing a wide-range of economic analyses, including lost profits, asset misappropriation, cost/benefit evaluation, audit malpractice and business valuation. Toby has extensive experience in the area of dispute resolution including pre-litigation consulting, preparation of expert reports and other communications and expert trial preparation.

Toby's expertise focuses on the calculation of financial and economic damages through the analysis of financial, accounting, economic and market data. Toby has worked with clients in a variety of industries, including finance, telecom, retail, e-commerce, non-profit and insurance.

Prior to joining StoneTurn, Toby worked as a consultant in the public sector. His projects included multi-million dollar revenue maximization opportunities for school districts in the Northeastern United States.

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- We would anticipate that **Simon Platt**, StoneTurn Managing Partner, would be the concurring partner for this engagement. As detailed above, Simon has specific relevant experience through his current and former roles as a member of the Town of Carlisle, Massachusetts' audit committee and finance committee.

3. *Please provide 3 references for your firm, ideally from Massachusetts schools and/or municipalities at which your firm has conducted work.*

StoneTurn Response:

- Thomas E. Lent, Esq.
Lurie & Krupp, LLP
One McKinley Square
Boston, MA 02109
Phone: (617) 367-1970 x104
- Thomas F. Reilly, Esq.
Cooley Manion Jones
21 Custom House Street
Boston, MA 02110
Phone: (617) 670-8509
- Michael D. Ricciuti, Esq.
K&L Gates LLP
State Street Financial Center, One Lincoln Street
Boston, MA 02111
Phone: (617) 951-9094

We are happy to provide any additional information you require. If you'd like to talk further about this letter, or our prior submissions, please contact me at (617) 570-3770, or at tjordan@stoneturn.com.

Best Regards,

Anthony C. Jordan
Partner

Final Minutes-Approved10/30/12

Town of Wayland

Audit Committee Minutes

Date: August 6, 2012

Time of Meeting: 6:00 p.m.

Place of Meeting: Wayland Town Building, Selectman's Meeting Room

Members Present: Tony Boschetto, Gordon Cliff, Chris Cullen, Ben Downs, Chris Riley
Members Absent: None

Call to Order: Meeting was called to order at 6:01 p.m. by Chris Riley.

Minutes: Mr. Riley volunteered to take minutes.

Public Comment:

Donna Bouchard discussed three areas of concern:

1. The proposed School audit,
2. The OPEB account, and
3. The reserve for encumbrances account designated F/B for \$500k.

Ms. Bouchard handed out to committee members:

1. A copy of the Town of Wayland Combined Balance Sheet date June 30, 2011 highlighting liability accounts "Reserve for Encumbrances" and "Designated F/B."

Shawn Kinney discussed the role and duties of the Audit Committee as it might apply to the School Committee and the proposed School audit. One of Mr. Kinney's concerns relates to the use of the Principal's discretionary accounts. He provided handouts to support his concerns. He also distributed a letter from the Town of Wellesley Audit Committee to the Chair of the Wellesley School Committee discussing the "Review of the School Business Office and Selected Revenue Programs of the Wellesley Public Schools" by their audit contractor Powers & Sullivan.

Linda Segal welcomed the committee members. She discussed the roles and duties of the committee.

Election of Chair:

Chris Riley solicited nominations from committee members. Ben Downs nominated Chris Riley. There being no other nominations, it was moved and seconded to take a vote. Vote: 4 in favor. None opposed. One (Chris Riley) abstained.

Review and discussion of Committee Charge:

Town Administrator Fred Turkington discussed the duties and responsibilities of the Audit Committee as voted by the Selectmen. Mr. Boschetto passed out an article titled "A New Vision for Public Sector Audit Committees." A healthy discussion ensued on this topic.

Review Contract for Audit Services with Melanson Heath & Company, P.C.:

With input from Mr. Turkington and Finance Director Michael DiPietro, the committee reviewed the:

1. Calendar for the current audit, and
2. The scope of work as detailed in the Agreement for Provision of Auditing Services signed 5/20/2011.

Review the FY2011 audit and Management Letter

The committee, Mr. Turkington and Mr. DiPietro discussed the FY 2011 audit and recommendations including:

1. The 2011 Management Letter outlining four (4) current year recommendations, and
2. The Town's December 13, 2011 response to the Management Letter detailing progress in conforming to the recommendations.

Discussion with Melanson Heath relative to services provided, scope, status and timetable for 2012 audit

Scott McIntyre from Melanson Heath along with Messrs. Turkington and DiPietro joined the committee in a wide ranging discussion. Topics discussed included:

1. Schedule for the 2012 audit beginning with an initial review in May of 2012,
2. Scrutiny of school and town revolving accounts, trust fund accounts and year end cutoff procedures for capital projects,
3. Comparison to other towns audited by Melanson Heath (In Mr. McIntyre's opinion Wayland compared favorably),
4. Areas that will continue to be subject to rigorous testing of internal controls include:
 - a. Cash collections,
 - b. Purchasing,
 - c. Related party transactions,
5. Necessity of forming an internal audit function (Mr. McIntyre felt this was unnecessary. He has only suggested this course in special situations, such as a city/town that operated a municipal airport.)
6. Timing of audit scope expansion (sooner than later),
7. OPEB (McIntyre praised Wayland as one of few towns that have a net asset position),
8. Areas of expanded scope per GFOA,
9. Change in Scope of 2012 audit (no major changes according to McIntyre)

Request for Background Information

The committee asked Mr. Turkington to forward various reports or links to reports discussed.
Next Meeting Date, Time, and Agenda

1. Date 8/27/12 at 7 pm.
2. Purpose-to evaluate Melanson Heath contract and discuss additional areas of focus for this year's audit.
 - a. Invite Paul Grasso and Tom Greenaway to discuss development of the scope of work for Melanson Heath.
 - b. Invite Rebecca Chasen from ORC for update and potential follow through with audit.
 - c. Invite John Bladon to discuss role and responsibility of Audit Committee as voted by BOS.

Adjournment

A motion was made, seconded, and unanimously voted to adjourn. The meeting was adjourned at 8:35 pm.

Respectfully submitted,

Chris Riley

Documents:

1. D. Bouchard
 - a. Town of Wayland Combined Balance Sheet for YE 6/30/11.
 - b. Munis Balance Sheet for 2011 period 13.
2. S. Kinney
 - a. Letter from Wellesley Audit Committee to Chair of Wellesley School Committee re: review of School Business Office and selected revenue programs.
 - b. Quicken spreadsheet of principal's discretionary account dated 10/21/99-8/6/12.
3. T Boschetto
 - a. Article titled "A New Vision for Public Sector Audit Committees."
4. Audit scope of services Melanson Heath.
5. Town response to Melanson Heath management letter 12/11.

Approved Minutes

Town of Wayland

Audit Committee Minutes

Date: August 27, 2012

Time of Meeting: 7:00 p.m.

Place of Meeting: Wayland Town Building, School Committee Meeting Room

Members Present: Tony Boschetto, Gordon Cliff, Chris Cullen, Ben Downs, Chris Riley

Members Absent: None

Call to Order: Meeting was called to order at 7:00 p.m. by Chris Riley.

Minutes: Mr. Downs was nominated to take minutes.

Public Comment: None

Review, discuss, (amend ?) and approve minutes for 8/6/12 meeting:

The minutes were reviewed and amended. The committee approved the amended minutes 5-0

Review/discuss Auditing Services scope of work w/Tom Greenaway-FinCom:

This item was taken out of order to accommodate John Bladon's schedule. Mr. Greenaway discussed the development of the scope of services for the audit, his impression of Melanson Heath & Company thus far and responded to committee member's questions. Mr. Greenaway, speaking as an individual not the FinCom, stated that the Audit Committee should not let potential cost increases in the audit inhibit requests for additional scope or a more detailed review.

Mr. Riley mentioned an email he had received from a citizen that was asking for details on our committee's interest in speaking with Mr. Greenaway. Mr. Riley said the request to see Mr. Greenaway was for background information and that a copy of the agenda had been provided in advance to Mr. Greenaway.

Review duties and responsibilities w/John Bladon-Selectman:

Mr. Bladon reviewed the duties of the committee as they are detailed in our charge. He further explained that if our committee felt a need to request changes to audit scope or increased focus in specific area that our committee should make a request to the Board of Selectman (BOS).

Mr. Bladon informed our committee that the BOS had voted to have us support the School Committee in their selection of an auditor and support the auditor in their audit but not to be involved in the review of the report or next steps.

BOS Charge:

- a) conduct a review of and provide input to the School Committee on the submitted proposals received by the School Committee in response to a letter dated July 27, 2012 to invited audit/consulting firms, with specific attention given to advising the School Committee on the project scope and tasks to be completed by the audit/consulting firms,
- b) rank order the responding firms and provide a recommendation to the School Committee; and,
- c) support and assist the selected audit/consulting firm in responding to questions and gather documents necessary to complete their review of certain school accounts as outlined in the scope of services.

Mr. Riley mentioned a specific request that has been made by the FinCom to increase the audit focus around health care withholding and payments. Mr. Bladon agreed that this specific item should be driven through the Audit Committee with notification of the BOS.

After discussion Mr. Bladon asked the Committee to propose additional language to our charge to address places the Committee feels it needs the ability to operate.

Discuss potential special assignments for Melanson Heath as provided in Article 2.6 of the Agreement for provision of Auditing Services:

Mr. Riley noted that the request of FinCom as it relates to health care accounts should be included under article 2.6 of the Agreement. Mr. Boschetto distributed a hand out that covered areas he felt needed a more thorough audit and his opinions on Melanson Heath & Co.

Mr. Cliff suggested we develop language that would be added to our "duties". The committee discussed possible options and agreed upon 2 additional duties.

Proposed Language:

1. Determine appropriate scope of the independent audit;
2. Make recommendations to the Board of Selectman for areas where extra focus and/or expanded scope may be appropriate.

This language was moved, seconded and passed unanimously

Next Meeting:

September 10, 2012 at 6:45

Old Business:

Correspondence (2) from a citizen was discussed

New Business:

The School Committee RFP

Adjournment

A motion was made, seconded, and unanimously voted to adjourn. The meeting was adjourned at 9:05 pm.

Respectfully submitted,

Ben Downs

Documents:

1. Minutes for 8/6/12 meeting.
2. D. Bouchard email re: purpose of Greenaway invitation to meeting.
3. Audit scope of service Melanson Heath.
4. Duties and Responsibilities of Audit Comm. per BOS vote.

Approved Minutes-10/30/12

Town of Wayland

Audit Committee Minutes

Date: October 1, 2012
Time of Meeting: 7:00 p.m.
Place of Meeting: Wayland Town Building, Selectmen's Meeting Room
Members Present: Tony Boschetto, Gordon Cliff, Chris Cullen, Ben Downs, Chris Riley

1. Call to Order

The meeting was called to order at 7:00 p.m. by Chris R.

2. Assign minute taker.

Chris Cullen took the minutes.

3. Public comment

There were no public comments

4. Review/discuss/amend/approved minutes from 9/10 meeting.

The committee accepted and approved the minutes as submitted, 5-0.

5. Discuss revising 8/6/12 and 8/27/12 minutes to include list of reference documents

Mr. Riley illustrated that a complete set of minutes should include a list of the documents presented in each session. Certain minutes from prior sessions did not contain such a list, and Mr. Riley offered to amend the prior minutes by inserting the appropriate information. All members of the committee agreed with that course of action.

6. Correspondence

- a) On 9/10/12 the Audit Committee voted unanimously in support of a FinComm request to the auditors for increased clarity on payments made for health insurance premiums. With that recommendation by the Audit Committee, the issue was sent to the BOS for a vote.

Mr. Riley received confirmation that the BOS voted to accept the FinComm request, and that the request would go to the auditor.

- b) In reference to the current RFP being drafted for audit of the School accounts, Donna Bouchard sent a link to the 2010 RFP used to hire The Abrahams Group.

The Committee agreed that this is good information to review for its later role in Phase II of the Financial Statement Audit RFP process. However, the School Committee, not the Audit Committee, is drafting the current RFP addressed in Ms. Bouchard's email. Therefore, the Audit Committee agreed that it would be most appropriate to guide any resident interested in offering input on this topic to contact the School Committee directly.

Mr. Riley said he would respond to Ms. Bouchard and offer that suggestion.

7. Discuss items/areas for Auditor focus

Tony Boschetto introduced the following documents for discussion of questions to bring to the auditor:

- a) Pages 5, 8, 9 & 13 of the Town of Wayland financial statements for the year ended 6/30/2011;
- b) A copy of the Town of Wayland's 2011 period 13 MUNIS balance sheet;
- c) A copy of the Town of Wayland Combined Balance Sheet dated June 30, 2011, as introduced by Donna Bouchard on 8/6/2012, highlighting liability accounts "Reserve for Encumbrances" and "Designated F/B;"
- d) A copy of the Town of Wayland Free Cash Calculation worksheet for 7/1/2011;
- e) An undated copy of the Town of Wayland Waste Water Enterprise Fund Retained Earnings Calculation worksheet.

Discussion was generally focused on the relationship between the MUNIS balance sheet and the Fund Balances (F/B), as presented in the Town's audited financial statements. Recognizing that Town residents have already addressed certain concerns about the F/B accounts, the Committee members agreed that more transparency around those numbers would be beneficial to residents in understanding the finances of the Town.

The Committee drafted the following request for the auditor to address this issue:

For the current year's audited financial statements, please refer to page 13 of the audited financial statements for the year ended 6/30/2011.

Please provide a reconciliation of the 6/30/2012 Fund Balances to their underlying MUNIS accounts. Ensure that the Fund Balances are properly classified in accordance with GASB 54, and/or any other appropriate authoritative guidance. Additionally, ensure that the amount reported as Unassigned Fund Balance is complete and accurate.

A motion was made & seconded, and the request was unanimously voted for recommendation to the BOS.

8. Current year audit progress and expected schedule of upcoming audit activity/completion

Tony Boschetto suggested that prior to the Committee's next meeting, the Committee should request the auditor's anticipated schedule so that the Committee can plan its own schedule more effectively. All members agreed, and Mr. Riley indicated he would pass on the request to the BOS.

9. Next Meeting is set for October 8th at 7 pm. Items to be discussed include:

- a) Review and rank forthcoming RFP responses for audit of the School accounts
- b) Review and discuss the audit schedule

8. Adjournment

A motion was made, seconded, and unanimously voted to adjourn. The meeting was adjourned at 8:07 pm.

Respectfully submitted,

Chris Cullen

Documents:

- Pages 5, 8, 9 & 13 of the Town of Wayland financial statements for the year ended 6/30/2011;
- A copy of the Town of Wayland's 2011 period 13 MUNIS balance sheet;
- A copy of the Town of Wayland Combined Balance Sheet dated June 30, 2011, as introduced by Donna Bouchard on 8/6/2012, highlighting liability accounts "Reserve for Encumbrances" and "Designated F/B;"
- A copy of the Town of Wayland Free Cash Calculation worksheet for 7/1/2011;
- An undated copy of the Town of Wayland Waste Water Enterprise Fund Retained Earnings Calculation worksheet.
- Ms. Bouchard email dated 9/18/12