

Minutes January 7, 2013
Town of Wayland
Audit Committee

Date: January 7, 2013

Time of Meeting : 7:00 pm

Place of Meeting: Wayland Town Building, Town Administrator's Conference Room

Members Present- Gordon Cliff, Chris Riley and Chris Cullen

1. Call to order
 - a. The meeting was called to order at 7:01 pm by Chris Riley
2. Assign minute taker
 - a. Chris Riley
3. Public comment.
 - a. None
4. Review/discuss/amend/approve minutes from January 3, 2013
 - a. The committee accepted and approved the minutes as drafted 3-0
5. School Audit
 - a. Discussed the Powers and Sullivan's report/RFP.
6. Public individual committee opinion disclaimer
 - a. Tabled till next meeting.
7. Correspondence
 - a. Finance Committee email confirming 5 to 10 % unassigned fund balance target.
8. At 7:25 pm Committee joined Selectmen and Auditor to discuss Financial Statements and Management Letter.
9. At 8:35 pm Committee returned to Town Administrator's conference room.
10. Next meeting agenda
 - a. Continue discussion on Powers and Sullivan's phase 1 School Audit report.
 - b. Discuss costs and benefits of CAFR. Recommendation to Selectmen?
 - c. Discuss policy on committee member's individual public opinion disclaimer.
 - d. Discuss status of management recommendations made by auditor and next steps to review town management's corrective actions.
11. Meeting adjourned at 8:45 pm

Documents

1. Powers & Sullivan report
2. Finance Committee email
3. Annual Financial Statements
4. Management Letter

Wayland Public Schools
Request for Proposal
Forensic Agreed-Upon Procedures Engagement
of the Wayland Public Schools Financial Activity
Fiscal Years 2007 through Fiscal 2012

Phase Two

An initial review of the activity of the Wayland Public Schools was conducted by Powers & Sullivan, LLC. The review identified a series of weaknesses in the School's system internal controls. Based on the results of that review, we have concluded that additional procedures are warranted as defined below.

Scope of Work

The focus of this engagement will be on the revolving accounts, student activity accounts, principal discretionary accounts and program discretionary accounts. It is not expected that the General Fund School accounts, Capital Projects School accounts, School Lunch accounts, Circuit Breaker Grant accounts and Special Revenue School Grant accounts will be a substantial part of this engagement. However, if during the course this engagement the auditor becomes aware of transactions in these funds that may warrant the expansion of the scope of this engagement the auditor will immediately bring this matter to the attention of the School Committee liaison.

The objective of this engagement is to determine if the accounts examined were maintained in compliance with laws and regulations.

It is expected that the Agreed-upon-procedures to be applied to each account listed below may be refined as the engagement progresses. The procedures are:

- Identify and document the purpose of the account
- Document the financial controls used to maintain the account
- Interview the appropriate employees responsible for maintaining the account
- Report any identified noncompliance with laws and regulations
- Report any findings that place School resources at risk
- Examine a sufficient number of deposits to determine if they are supported by adequate documentation and authorizations
- If the program is fee based, document the process for establishing the fee charged
- Document the billing, collection and abatement process
- Document any practice or process for waiving fees
- Test a sufficient number of abatements or waived fees for compliance with documented policies.
- Complete a proof of total revenue by multiplying the fee times the participants and compare the calculated expected revenue to the amount reported in the ledger
- Examine 100% of deposits from grants, gifts or scholarships and document whether the deposit was made to a legally established account for that purpose

- Examine a sufficient number of vendor expenditures to determine if they are supported by adequate documentation and authorizations
- Examine a sufficient number of payroll or similar payroll type payments, such as stipends, to determine if the payments are in compliance with federal, state and Town laws, regulations and established procedures
- If a significant number of compliance violations are found, complete a detailed listing of the transactions by type of violation
- Document the policies and procedures for allocating fringe benefits and indirect costs to the revolving funds
- Test the actual allocation for compliance with the documented policies and procedures
- Document fringe and indirect charges that are not allocated to fee based programs and estimate the annual amount undercharged and how the estimate was calculated
- Examine a sufficient number of transactions to determine if there is adequate support to document compliance with procurement laws and regulations
- Examine 100% of payments made to “cash” to determine if they are supported by adequate documentation and authorizations
- Complete a detailed schedule of all checks made out to cash and include the person or business that endorsed the check
- Examine 100% of ATM withdrawals to determine if they are supported by adequate documentation and authorizations
- Examine 100% of payments made by a debit or credit card to determine if they are supported by adequate documentation and authorizations
- Examine 100% of expense reimbursements made to any employee responsible for signing the checks, maintaining the accounting records or administering the program to determine if they are supported by adequate documentation and authorizations
- Report on any findings of noncompliance and questioned costs
- Distribute a related party transactions questionnaire to all employees that were active in the maintenance of the accounts being examined
- Run specific extraction reports from the MUNIS ledgers for all payments made from the School Accounts to any checking and savings accounts maintained outside of MUNIS
- Examine 100% all of the payments made from School Accounts to any checking and savings accounts maintained outside of MUNIS to determine if they are supported by adequate documentation and authorizations
- Examine 100% of journal entries between funds that are over \$10,000 to determine if they are supported by adequate documentation and authorizations

AttachmentA includes a fiscal year 2012 summary of the activity under review. Additional information on the activity of these accounts is provided below. Several of the procedures require the examination of “a sufficient number” of transactions. The sufficiency of the number of transactions examined is to be based on each population of transactions and may be agreed to between the Town and the audit firm.

Student Activity Accounts

Each of the Town's five schools has student activity accounts that are currently being maintained on MUNIS. The Town's independent auditor, Melanson, Heath & Company, is currently conducting a student activity audit for the fiscal years ending June 30, 2012 and 2011 that were maintained on MUNIS. In addition to the activity reported in MUNIS each school principal maintained various bank accounts for both student activities and a principal's discretionary spending that were not reported on MUNIS. All of these accounts were ultimately closed early in fiscal year 2012 and are not part of the Melanson, Heath & Company audit. The activity in these accounts for the fiscal years 2007 through 2012 is significant and is part of this engagement.

The High School, Middle School and Happy Hollow School have each maintained a comprehensive QuickBooks file that, upon preliminary review, appear to have adequately accounted for each activity and it is expected that documentation exists for most of the transactions. The required procedures are to select a sufficient sample of both revenue and expense activity and examine the supporting documentation.

The Claypit Hill School and Loker Elementary School have not maintained comprehensive student activity files and upon preliminary review will require the audit firm to assist in the compilation of the activity and it is expected that documentation may be missing for some transactions. There is not a significant amount of activity in these programs. The required procedures are to select a sufficient sample of revenue and expense activity and examine the transactions.

Gift Accounts

There are nine gift funds that are reported on MUNIS. There is not a significant amount of activity that accounted for in each fiscal year. As such, we expect that the tests conducted be focused primarily on the policies and procedures for gift accounts and each school's compliance. Expenditure testing will be designed to test a majority of any significant transactions and statistically select an appropriate sample of the remaining transactions.

Some of the gift funds were maintained using the discretionary accounts and then any remaining balance was transferred to the Town Treasurer. Therefore we expect that there is a higher risk related to the activity that was not processed through MUNIS. We expect the test conducted will be designed to verify that expenditures comply with any gift restrictions.

Before and After School Education Program (BASE) and PEGASUS Program

The BASE program runs during the school year and is fee based where most of the activity is accounted for in MUNIS. The ledger activity is approximately \$1,000,000 in revenues and expenditures each year since FY07. There is an accumulated surplus of \$465,000 at the end of FY12. Less than 10% of expenditures are comprised of approximately 300 payments each year.

for an average payment under \$200 and 90% of expenditures are from journal entries for payroll and other charges. Revenues appear to be from fees charged but further analysis is required to determine if other types of revenue has been received.

The PEGASUS program is the summer program and is fee based where most of the activity is accounted for in MUNIS. The ledger activity is approximately \$250,000 in revenues and expenditures each year since FY12. There is an accumulated surplus of \$261,000 at the end of FY12. Less than 25% of expenditures are comprised of approximately 100 payments each year for an average payment under \$500 and 75% of expenditures are from journal entries for payroll and other charges. Revenues appear to be from fees charged but further analysis is required to determine if other types of revenue has been received.

This program has a combined discretionary checking account. The bank statements are available and the supporting documentation for deposits and payments is weak. Total Deposits from July 2006 through November 2011 totaled \$42,829 and 473 checks were written totaling \$50,845. The account was closed in November 2011.

The Children's Way and the Space Launch Foundation

The Children's Way is the Town's fee based pre-school program that operates within the Wayland Town Building. The MUNIS ledger activity is approximately \$775,000 in both revenue and expenditures per year since FY07. There is an accumulated surplus of \$293,000 at the end of FY12.

The Children's Way maintained two discretionary back accounts at Village Bank.

The savings account had \$29,905 of deposits since June 2006. The Space Foundation transferred its remaining balance of \$25,077.78 in November 2011 and the remaining deposits came in periodically over several years. The disbursements totaled \$30,140 which started in calendar year 2010 and had \$3,596 paid through December 2011. This account was closed in January 2012 with the remaining funds transferred to the Wayland Public Schools on January 18, 2012 to close the account. On that date, \$19,699 was transferred to the Children's Way Gift account on MUNIS and \$1,536 was transferred to the Children's Way revolving account. Before the funds were transferred to the Town a cash withdrawal of 5,308.97 was made on January 9, 2012 which needs to be examined.

The checking account had deposits totaling \$38,466 and disbursement totaling \$40,748 for the period July 2006 through January 2012 when the account was closed. The average monthly deposit was \$591 and the average check amount was \$49. Tests should be designed to group similar items together to identify any questionable activity or practices.

The Space Launch Foundation is a 501(c)(3) non-profit corporation which was established for the sole purpose of reimbursing the Town for renovations to the space occupied in the Town Building by the Children's Way. At least one trustee is also a school employee and is the signer on the two bank accounts. Form 990EZ has been filed through 2010. Although this is a

separate legal organization, its activity is intertwined with Children's Way. Since the end of 2006 until the accounts were closed in November 2011 there was no significant activity. The cash balance on June 30, 2006 was \$31,834; there were five contributions for \$25,250; interest income of \$1,100; a reimbursement to the Town for \$10,000; payments for tax services and filing fees of \$3,110; postage of \$5; a payment to attend a conference of \$4,841; a payment to the Children's Way revolving account of \$15,150; and a payment to close the account to the Children's Way discretionary account of \$25,078.

There was no evidence that the foundation was properly dissolved. Tests should be designed to determine whether the total transfers to the Children's Way of \$40,278 and the conference expense of \$4,841 were in accordance with the purpose of the foundation.

Full Day Kindergarten

The Full Day Kindergarten Program is fee based where most of the activity is accounted for in MUNIS. The ledger activity started in FY11 and revenues of \$677,000 and expenditures of \$626,000 have been recorded through the end of FY12. There is an accumulated surplus of \$58,000 at the end of FY12. There are a limited number of vendor payments and the remaining expenditures are from journal entries for payroll and other charges. Revenues appear to be from fees charged but further analysis is required to determine if other types of revenue has been received.

Other Educational Fee Based Programs

The School accounts for the Global Language, Tutoring, Enrichment and Instrumental Music Programs in the MUNIS revolving funds. The combined average annual revenues are \$160,000 and expenditures are \$131,000. There is an accumulated surplus of \$150,160 at the end of FY12. There are a limited number of vendor payments and the remaining expenditures are from journal entries for payroll and other charges. Revenues appear to be from fees charged but further analysis is required to determine if other types of revenue has been received.

Athletic Revolving Programs

The School accounts for Athletics, Ice Hockey and the Weight Room in the MUNIS revolving funds.

The Weight Room started FY07 with \$5,814 and spent \$5,227 in FY12 leaving a balance of \$587 at the end of FY12. The only procedures required are to examine the expenditure.

The Ice Hockey Account started FY07 with \$25,735 and each year received large periodic contributions averaging \$25,000 that totaled \$330,000 through the end of FY12. The vendor payments appear to be for valid hockey related expenses for referees, ice rentals and transportation. The required procedures for revenue are to verify that the funding source of the

\$330,000 is properly deposited into this revolving account. The required procedures for expenditures are test a sufficient sample of each type of expenditure and verify that the expenditure is in compliance with municipal finance and payroll laws and regulations.

The Athletics Account started FY07 with \$313,529 and ended FY12 with a balance of \$9,840. For the period of July 1, 2006 through June 30, 2012 MUNIS has accounted for \$1,652,048 of revenue and \$1,773,737 of expenditures. This account has significant activity and as such extensive testing of revenues should be designed. The auditor is not expected visit each venue that receives fees and document that process. The auditor is expected to document all the types of athletic fees and design tests based on the risk and significance of the fee. Expenditure testing does not appear at this point to be as extensive due to the types of charges posted to MUNIS. In FY07, FY08 and FY09 a single \$200,000 charge was made to the ledger each year. Similar charges of \$228,500 in FY10, \$258,500 in FY11 and \$439,176 in FY12 were made to the ledger. All of these transactions must be examined which total \$1,526,176 or 86% of the total expenses. The remaining \$247,561 of expenditures appears to be mainly vendor checks with less than two hundred transactions over the six year period. The auditor is expected to examine all checks over \$10,000 and select a sufficient sample of the remaining checks for examination.

Transportation Fees

The School began collecting transportation fees in June 2009 for the FY10 school year. Therefore, at the end of each fiscal year a large fund balance of fees collected for the next fiscal year will be carried forward into the new year. The revenues and expenditures are recorded on MUNIS but the system to bill and collect fees is not part of the MUNIS ledger.

The average annual revenues are \$186,000 and expenditures are \$146,000. The fund has accumulated a surplus of \$157,000 at the end of FY12. There are a limited number of direct vendor payments and the remaining expenditures are from journal entries for payroll and other charges. The required procedures for expenditures are to test a sufficient sample of vendor payments, payroll charges, fringe charges and indirect charges to verify the validity of the charge and compliance with municipal finance and payroll laws and regulations. Required tests of revenues are to select a sufficient sample of student charges and verify that the correct amounts are charged and collected. Tests should be designed to verify the accuracy of the accounts receivable ledgers along with testing any non-cash reduction of a fee due. All journal entries are to be examined unless clearly inconsequential.

Building Use Fees

The Building Use account began FY07 with a balance of \$40,518 and ended FY12 with a balance of \$78,192. The revenues and expenditures are recorded on MUNIS but the system to bill and collect fees is not part of the MUNIS ledger.

The average annual revenues are \$36,000 and expenditures are \$30,000. There are a limited number of direct vendor payments and the remaining expenditures are from journal entries for payroll and other charges. The required procedures for expenditures are to test a sufficient sample of vendor payments, payroll charges, fringe charges and indirect charges to verify the validity of the charge and compliance with municipal finance and payroll laws and regulations. Required tests of revenues are to select a sufficient sample of building use charges and verify that the correct amounts are charged and collected. Tests should be designed to verify the accuracy of the accounts receivable ledgers along with testing any non-cash reduction of a fee due. All journal entries are to be examined unless clearly inconsequential.

High School Parking

The High School Parking account began FY07 with a balance of \$24,770 and ended FY12 with a balance of \$2,858. The revenues and expenditures are recorded on MUNIS but the system to bill and collect fees is not part of the MUNIS ledger.

The average annual revenues are \$36,000 and expenditures are \$30,000. There are a limited number of direct vendor payments and have had only one large expenditure for \$60,570 for design and construction in June 2012. In FY11 there was less than \$1,000 charged to the fund. In each of the prior four years, a direct charge averaging \$30,000 was made each year. Each of these charges is to be examined to verify the validity of the charge and compliance with municipal finance and payroll laws and regulations. Required tests of revenues should select a sufficient sample of student parking charges and verify that the correct amounts are charged and collected. Tests should be designed to verify the accuracy of the accounts receivable ledgers along with testing any non-cash reduction of a fee due. All journal entries are to be examined unless clearly inconsequential.

School Cable Studio

The School Cable Studio account began FY07 with a balance of \$29,197 and ended FY12 with a balance of \$18,172. The revenues and expenditures are recorded on MUNIS.

The annual revenues include a \$10,000 annual receipt from FY07 through FY11 along with \$26,475 of receipts in FY07 and FY08 for a total of \$76,475. Expenditures total \$87,500 and only were incurred in FY07, FY08 and FY12. There are a limited number of transactions and most are significant amounts. All transactions should be examined to verify the compliance with municipal and payroll laws and regulations.

METCO Program

The METCO Program is comprised of a State Grant Fund, a revolving fund and a discretionary account.

The METCO state grant is reported in MUNIS and is not expected to be part of this engagement unless transactions are identified that are shifting funds or expenses between the other two accounts.

The METCO revolving account is reported in MUNIS and began FY07 with a balance of \$41,791 and ended FY12 with a balance of \$27,858. Annual revenues averaged \$50,000 from all sources while expenditures averaged \$52,000. Both the revenues and expenditures have a limited number of transactions and the significant transactions are made to only a few vendors. Required procedures include sorting all expenditures by vendor and type of expenditure and selecting a sufficient number of payments within each group to verify compliance with municipal and payroll laws and regulations. Required procedures for revenues are to examine the supporting documentation for all significant deposits to determine the source of the funds and verifying that the deposit is properly posted to this account.

The METCO discretionary account is not reported on MUNIS and there is currently not a comprehensive accounting in Excel, QuickBooks or the check book that documents all of the transactions. The preliminary review summarized the activity using the bank statements to quantify the activity. The supporting documentation for deposits and expenditures are not organized and it appears that many transactions may be unsupported. It is estimated that 500 checks cleared from July 2006 until the account was closed in January 2012. In September 2009 a debit card was issued that was used frequently each month and there were at least 100 debit card transactions. The audit firm may be required to recreate the activity in order to adequately examine the transactions.

The bank statement reported a cash balance of \$16,271 at June 30, 2006, deposits totaling \$162,181, disbursements of \$177,387 and \$1,029 sent back to the METCO revolving account to close the discretionary account in January 2012. The preliminary review of this account identified many checks made out to cash, ATM withdrawals of cash and many questionable transactions without any supporting documents. The required procedures include extensive testing of expenditures based on available documentation and audit judgment. The required revenue procedures will be refined as the engagement proceeds as at this point there does not appear to be adequate supporting documentation.

Lost Book Accounts

The High School, Middle School, Claypit Hill School and Happy Hollow School now report lost book activity in MUNIS since the closing of the principal discretionary accounts. For the MUNIS accounts, for the last two fiscal years, there is minimal activity and as such the required procedures are not expected to be extensive. Expenditures will be examined based on a sufficient sample of the expenditures where the selection criteria will focus on larger expenditures and random testing of minor expenditures.

Professional Development Revolving

The Professional Development Revolving Account began in FY09 and has accumulated a balance of \$72,540 at June 30, 2012 and all activity is reported in MUNIS. Through the end of FY12 deposits totaled \$194,777 and there were approximately 30 separate deposits each year. Expenditures totaled \$122,236 and there were fewer than 20 individual payments to a limited number of vendors each year. Required procedures for revenues are to examine all significant deposits and select a sample of the smaller amounts to verify that the deposits were properly posted to this account. Required procedures for expenditures are to examine all disbursements over \$1,000 which will average approximately 10 transactions per year and cover 90% of the total expenditures. Using auditor's judgment, select a sample of expenditures under \$1,000 for testing.

Curriculum Revolving

The Curriculum Revolving Account began in FY10 and has accumulated a balance of \$12,981 at June 30, 2012. Through the end of FY12 deposits totaled \$74,670 and there were approximately 30 separate deposits each year. Expenditures totaled \$61,688 and there were fewer than 20 individual payments to a limited number of vendors each year. Required procedures for revenues are to examine all significant deposits and select a sample of the smaller amounts to verify that the deposits were properly posted to this account. Required procedures for expenditures are to examine all disbursements over \$1,000 which will average approximately 3 transactions per year and cover 95% of the total expenditures. Using auditor's judgment, select a sample of expenditures under \$1,000 for testing.

Gossell Academic Excellence Revolving

The Gossell Academic Excellence Revolving Account began FY07 with a \$191,446 balance, spent \$4,994 in FY07, spent \$186,462 in FY09, received and spent \$11,113 in FY12 and ended FY12 with a zero balance. There were 10 minor disbursements in FY07 and one charge in both FY09 and FY12. There was one deposit for the FY12 revenue. All transactions are reported in MUNIS. Required procedures are to examine all revenue and expenditure transactions.

Erate Revolving Account

The Erate Revolving Account began FY07 with an \$828 balance and ended FY12 with a balance of \$15,641. All activity is reported in MUNIS. No activity occurred in FY07. For the period from FY08 through FY12 there were 23 deposits that totaled \$127,283 and 40 disbursements to vendors that totaled \$112,471. Required procedures are to examine all significant transactions.

Wayland Public School Foundation Revolving Fund

The Wayland Public School Foundation is a legally separate non-profit 501(c)(3) corporation established in 1983 for the purpose of assisting the students, parents, teachers and staff of the Wayland Public Schools. The Foundation has filed its state and federal tax returns and informational filings. The Foundation had their financial statements reviewed through June 30, 2012 and the assets reported on these statements far exceed the ending balances reported in this revolving fund. The Foundation provides grants to the Town which may be the activity reported on MUNIS and not the activity of the Foundation. Procedures will be to assist the Town in determining their financial relationship with the Foundation and documenting how transactions are accounted for and the approval process for expenditures.

Once the financial relationship is determined, the final required procedures will be refined to adequately examine the transactions that flow through MUNIS. The revolving account began FY07 with a zero balance and ended FY12 with a balance of (\$1,019). Total receipts through FY12 were \$878,355 and total disbursements were \$879,374. A preliminary review of the expenditures indicates that they are allowable. The initial required procedures would be to review the grant awards and test the expenditures to verify that they comply with any grant restrictions.

Other Revolving Funds

The Francis Smith Dignitas Award began FY07 with a balance of \$1,465 and ended FY12 with a balance of \$1,610. The only activity was the addition of interest income. No work is required on this fund.

The High School Student Computer Maintenance Account began during FY12 with a deposit of \$1,020, which has been the only transaction. No work is required on this fund.

Principal's Discretionary Accounts

Under past practices, each of the Town's five schools was allowed to maintain bank accounts outside of the Town's ledger and not under the custody of the Town Treasurer. Each of these accounts was closed in either March or April of 2011 and any remaining funds were transferred to the custody of the Town Treasurer. The scope of this portion of the engagement will be to complete the agreed-upon-procedures for the activity in each of these accounts from the start of FY07 until each account was closed.

Claypit Hill Elementary School

The activity of this account is partially recreated in various Excel worksheets, however there is currently information missing. Various forms of support exist for the transactions and we expect that not all transactions will be adequately supported. On average there are 20 deposits and 100 checks written each year that total approximately \$15,000 per year. We would expect the

audit firm will spend time organizing the transactions to allow the transactions selected for testing to focus on those that are considered the highest risk.

On its face, most of the activity appears to be for library lost books, the principal's sunshine fund and administration funds. There also may be grant funds received from Target included in the activity. Required procedures are to organize the activity and select a sufficient sample of revenues and expenditures to examine. Special attention will be placed on transactions that are not school related.

Happy Hollow Elementary School

The activity of this account is captured on check books and the bank statements, however there is currently information missing. Various forms of support exist for the transactions and we expect that not all transactions will be adequately supported. For the period from July of 2006 through March of 2011, when the account was closed, there was approximately \$50,000 of deposits and withdrawals both by check and debit card. We would expect the audit firm will have to spend some time organizing the transactions so that the transactions selected for testing will focus on those that are considered the highest risk.

On its face most of the activity appears to be for library lost books, principal's sunshine fund and administration funds. There also may be grant funds received from Target and transfers of funds from the Town. Required procedures are to organize the activity and to select a sufficient sample of revenues and expenditures to examine. Special attention will be placed on transactions that are not school related.

Loker Elementary School

The activity of this account is minimal and the activity will need to be compiled in order to properly examine the transactions. Various forms of documentation exist but we expect that not all transactions will be supported. Required procedures are to organize the activity and to select a sufficient sample of revenues and expenditures to examine. Special attention will be placed on transactions that are not school related.

Middle School

The Middle School maintained a comprehensive QuickBooks file that accounted for both the student activity accounts and principal's discretionary accounts. The procedures related to the student activity transactions are discussed above. All transactions related to the principal's discretionary activity are accounted for in the QuickBooks file in one account. Based on the preliminary review the principal's activity for the period from July 1, 2006 through the closing date of March 23, 2011 did not have significant revenue and expenditure activity. Our preliminary review of the supporting documentation leads us to expect that documentation exists for most of the transactions. The required procedures are to examine a sufficient sample of both revenue and expenditure transactions.

High School

The High School maintained a comprehensive QuickBooks file that accounted for the student activity accounts and principal's discretionary accounts. The procedures related to the student activity transactions are discussed above. All transactions related to the principal's discretionary activity are accounted for in the QuickBooks file in one account. Based on the preliminary review the principal's activity for the period from July 1, 2006 through the closing date of March 7, 2011 had \$30,000 of revenue and expenditure activity. Our preliminary review of the supporting documentation leads us to expect that documentation exists for most of the transactions. The required procedures are to examine a sufficient sample of both revenue and expenditure transactions.

Summary

The information provided above on each of the accounts is intended to allow potential firms to understand the scope of the services requested and to submit responsible proposals based on the services requested. An initial review of the activity of the accounts identified the need for additional procedures. The procedures have been developed to focus the work on areas that are considered high risk for fraud or asset misappropriation. In addition to performing the procedures described above, the audit firm chosen will be expected to provide a report on the findings of each of the procedures performed and to make suggestions for improving the current systems of internal controls.

From: gcriley@comcast.net
To: [Chris Riley](#)
Subject: Fwd: desired level of unassigned fund balance
Date: Monday, January 07, 2013 9:27:31 AM

From: "William Steinberg" <billsteinberg55@gmail.com>
To: gcriley@comcast.net
Cc: "Cherry Karlson" <cckarlson@comcast.net>, "Tom Greenaway" <thomas.greenaway@gmail.com>
Sent: Friday, January 4, 2013 6:28:54 PM
Subject: Re: desired level of unassigned fund balance

Chris, thanks for reaching out on this. The "unassigned Fund Balance", aka "Free Cash", balance that is recommended by the Finance Committee has consistently been in the range of 5% to 10%. Over the past year, we have modified that slightly to state that our goal is for those funds to be approximately 7.5%. Cherry or Tom, do you have anything to add on this?

Best regards,

Bill

On Jan 4, 2013, at 8:44 AM, gcriley@comcast.net wrote:

Bill,

The Audit Committee last night questioned whether the Finance Committee has a target level for unassigned fund balance (used to be called free cash). The Town Adm. stated in his reply to the Auditor's Management letter that the level agreed to by the Fincom is 5 to 10%. Please confirm.

Thanks,

Chris Riley

Bill Steinberg
49 Highland Circle
Wayland, MA 01778-1722
email: billsteinberg55@gmail.com
Office: (508) 358-7040
Mobile: (617) 877-5278