

Approved Minutes
Town of Wayland Audit Committee

Meeting Date: June 5, 2013

Start Time of Meeting : 7:00 PM

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

AC Members Present – Chris Riley, Gordon Cliff, Chris Cullen, and Ben Downs

Also Present – Jim Powers from Powers & Sullivan (“P&S” for purposes of these notes), Geoff MacDonald (Wayland School Administrator), and Brian Jones (Loker School Principal and also responsible for Wayland’s WSEP accounts)

Call to order

The meeting was called to order at 7:00 PM by Chris Riley

- Assign Minute Taker – Gordon Cliff
- Public Comment – Don Bustin distributed a document to Committee members, which was a note directed to the School Committee expressing his interest in serving as the SC’s representative on the Audit Committee
- Interim review of work schedule for School Audit Phase II
 - Jim Powers provided an overview of progress. He indicated that the work was progressing well. He expects P&S to have lots of findings on historical accounts as well as some suggestions to strengthen controls and procedures. P&S will work to frame any such recommendations given realistic considerations of the resources available to perform any additional tasks. He warned that in many cases there doesn’t appear to be much information available to support why payments were made (e.g., ATM withdrawals, checks made out to cash). For many accounts the vast majority of the expenses charged to the account were payroll-driven (relatively low risk from a control perspective) and correspondingly the amount of expenditures outside of payroll is quite small relative to the total amount expended from the account. Jim stated that so far P&S is getting all the information and cooperation they need from and he expects that will continue. He expects P&S to have a preliminary version of their report available by the end of June. He expects the report will categorize the account review findings into three broad categories: 1) technical violations; 2) should have happened differently but unlikely to have resulted in any significant net incremental cost, 3) strong possibility that the violations resulted in personal benefits to doers/recipients.
 - In response to AC member questions Jim provided additional information. Any recommendations P&S makes on additional policies and procedures

will be based on reasonable cost vs. benefits tradeoff considerations (i.e., won't be ruled out just because existing resources are insufficient.) So far he has not seen evidence of category #3 problems and that the types of items P&S is finding are typical in their experience for reviews of school activity accounts like this. He confirmed that he expects P&S to complete all items as listed in their proposal. He further described some of the analytical procedures P&S uses to identify and pursue potential areas of problems. He agreed that he would contact Chris Riley if P&S needs help getting access to information or resources necessary to complete their report. He expects P&S to complete the work within the cost range provided and will contact Chris if he thinks additional work might be needed that would take the costs above the top end of the range.

- Review progress in addressing the Melanson & Heath ("M&H") 2012 Management Letter item #3
 - Geoff MacDonald and Brian Jones provided an overview of steps taken. Major items include installing a safe, segregating the responsibility of opening the mail vs. accounting for funds received, prohibiting cash as a payment option, increasing the frequency of funds being moved from the School to the Town, ensuring all accounts are now on MUNIS not QuickBooks, requiring purchase orders on all payments (except for refunds of excess payments). Greg and Brian stated that their plan was to add an additional part time employee (roughly 10 hours week) to perform additional tasks required to support and enable the changes noted above (e.g., creating the deposit slips) in addition to some other tasks.
 - In response to AC member questions Geoff and Brian provided additional information. Geoff stated that he had contacted the M&H employee most directly involved in identifying the need for improvement and gotten a more detailed understanding about what M&H's primary concerns were. Geoff stated that he believes the actions taken address the concerns raised. He agreed that it would be a good idea to collect the records of reconciliations that were done between QuickBooks and MUNIS in the past and to develop written procedures that codify and document the new approach.
- Review minutes of prior meetings. Committee reviewed and discussed the draft of 3/27 minutes that was distributed and approved 4-0. Committee viewed draft of 4/30. Gordon asked for clarification on item h. and Chris agreed to research and that we would review the notes again at our next meeting.
- Correspondence: Chris confirmed that all members had received a copy of the note to the Audit Committee that Don Bustin had sent on possibly expanding the Audit Committee's role.

- Next meeting agenda: the Committee discussed and agreed our next meeting should include an update from the Town Administrator on the Town's progress on the items listed in M&H's 2012 Management Letter. A second major item on the agenda should be any actions necessary to ensure that M&H has whatever information and guidance they might need in conducting their 2013 audit given the request they made last year that we start our interactions with them earlier in the audit execution cycle. The Audit Committee discussed our potential role in reviewing findings from P&S's School Committee Audit and agreed that our current roles and responsibilities don't call for any involvement from the Audit Committee beyond items already completed other than helping to ensure that P&S has access to the resources that they need and responding to any questions or concerns they raise to us. The Audit Committee discussed whether it should have any role in suggesting criteria for new Audit Committee members. It was agreed that doing so would not fall within the Audit Committee's current charter.

Motion to adjourn – 9:05 approved 4-0.

4-30 Audit Committee

Wayland continues to progress with on-going, evolutionary improvements in financial management (and in operations).

My long-term, big-picture for Wayland – continue above and develop ability to analyze and decide how best for the town to do its business, and why.

But first things first – currently, how much “Financial Oversight” – is there actually, “on the ground”?

I “visited” (looked into) a couple boards and departments, talked to FinCom, Finance Director, Town Administrator – Easy to identify procedures that could be improved.

Not always clear where authority lies or what means exist for analyzing and/or making improvements.

Often the people involved, while cooperative, seemed either unwilling or unable to address or implement procedural improvements that were simple, straight-forward, and actually necessary.

I feel, the town needs some “mechanism” for looking into how things are done, both in terms of financial management and operationally – it needs to research, analyze, understand, review options, develop recommendations, and make suggestions for implementing improved procedures.

In a financial sense, the Auditor’s Letter makes a similar case when speaking about “internal control”.

The Audit Committee could play a role in creating the above “mechanism” – the Committee could evolve into doing more investigation and analysis, with the goal being recommendations for improvement.

I’m curious if the Audit Committee members are satisfied with being “essentially” the interface between the Auditor and Selectmen, or are interested in the possibilities of doing more, or even in just discussing them?

I’m sure you all have many thoughts about these things (and more informed ones than my own) and I’d love to talk/email with any and all of you. Thank you.

I can be found at donBustin@verizon.net