

Approved Minutes
Town of Wayland Audit Committee

Meeting Date: October 22, 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, Ben Downs, Paul Brennan

Also Present – Interim Town Administrator John Senchyshyn, Finance Director Brian Keveny and Scott McIntire Melanson & Heath

Call to order

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

- Assign Minute Taker – Gordon Cliff
- Public Comment – none
- Review progress in addressing FY 2012 Management Letter items. Brian and John provided a summary of status on each item.
 - Develop a more formal risk assessment process – need for more formal risk assessment has been emphasized at department head meetings and additional steps have been taken. But additional time is needed to codify the new risk assessment process in writing. Brian estimated completion by December or January. Brian agreed to take the lead in ensuring completion. Brian agreed to provide a draft version of the policy to the Chair for distribution to Audit Committee members when a draft is ready for review.
 - Formalize a fund balance policy – significant progress has been made (e.g., reducing encumbrances) but there is significant work left and requires getting involvement from the Finance Committee and the Board of Selectman and other parties and codifying the input in a written fund balance policy. It was agreed that Brian and John would share responsibility for making sure the item was completed.
 - Examine the use of unauthorized bank accounts – Substantial progress has been made as evidenced by findings of the Powers & Sullivan report. Scott McIntire said that the report identified a number of issues and that the School should follow through and make sure the recommendations contained in the P&S report are implemented.
 - Strengthen departmental receipts controls and perform internal audits – a copy of the Town's Receipt Policy has been provided to all department heads and

Brian believes all departments are now in compliance with the policy. However the policy still needs to be strengthened by requiring a documented breakdown of cash versus check and requiring Finance to regularly provide departments with revenue reports for reconciliation with departmental logs. In addition the Finance Department needs to establish a process involving periodic (e.g., quarterly) internal audits of department accounting records. Brian agreed to provide an updated policy to the Chair for distribution to Audit Committee members and to work to make sure the process of periodic reviews by Finance of department accounting records is implemented.

- Prepare to implement GASB 68 – Town is prepared to implement beginning in fiscal year 2015 as required.
- Correct posting of employee withholding accounts – Brian reported that making this change has been completed. Brian said he is having some difficulty with completely reconciling the amounts in this account as part of the 2013 fiscal year audit but expects to be able to complete the task.
- Segregate and monitor school billing, collection and turnover procedures – School Administrator Geoff MacDonald was unable to attend the meeting but provided a written update of the steps that have been taken. Scott McIntire agreed that many good steps have been taken but that there is still a need to further segregate the receipt collection and bookkeeping functions.
- Discuss schedule of financial statement review process. Audit Committee discussed and agreed we should plan to meet to review drafts of Melanson & Heath’s Annual Financial Statements and Management Letter for FY 2013 on November 12 and December 9.
- Discuss Audit Committee’s role in Audit RFP in preparation for meeting with BoS.
 - Committee discussed and agreed that the current Agreement for Provision of Auditing Services with Melanson & Heath provides a good starting point. The major item the Committee agreed that we should recommend to the BoS be added is to ask RFP respondents to provide a quote for the existing scope but also a quote for completing the more comprehensive CAFR format. Chris Cullen will review the language of the current scope to determine if he thinks more explicit language on the testing of fiduciary accounts should be added. The Audit Committee discussed and agreed that we would recommend to the BoS that the role that the Audit Committee played in the School Committee Special Audit RFP would be a good model for the role we might play in the External Auditor RFP.
 - Audit Committee agreed that we should provide an interim report to the BoS on status of implementing the Management Letter recommendations from the FY 2012 Audit. Audit Committee agreed that status on items 2, 3, 6 and 7 appears largely complete (subject to follow-up by School Committee on items

raised in the Powers & Sullivan Special Audit Report) but that items 1, 2 and 5 are not complete. In particular to complete item 2, the Director of Finance and the Interim Town Administrator will need support and involvement from the Finance Committee and the BoS.

- Review minutes of prior meetings. Committee reviewed and discussed the draft of minutes from September 23 and approved as written 3-0 (with 1 abstention by a member who had not been at the meeting and 1 member having had to leave the meeting prior to this item being addressed).

Motion to adjourn – 9:40 approved 4-0.