

Minutes  
Town of Wayland  
Audit Committee

Date: March 10, 2015

Time: 7:00 pm

Place: Wayland Town Building

Members Present- Chris Cullen, Paul Brennan, Gordon Cliff and Chris Riley.

Also present: Nan Balmer, Town Administrator, and Brian Keveny, Town Finance Director

1. Call to order
  - a. The meeting was called to order at 7:00 pm by Chris Cullen
2. Assign minute taker
  - a. Chris Riley
3. Public comment
  - a. None
4. Gordon Cliff updated the Audit Committee (AC) on his meeting with the Finance Committee.
  - a. Topics included review of YE audit process and results, the AC's review and recommendation for outside auditor for FY15-FY17, and the inclusion of CAFR as one of the Annual Audit options.
5. Treasurer/Tax Collector's Office
  - a. Nan Balmer and Brian Keveny led a discussion of changes in the Treasurer's Office.
    - i. The Treasurer's office is currently using a software package (Vadar) not integrated into the Town's general accounting package (Munis).
    - ii. Concern over tardy cash reconciliations caused the Town to hire Dan Sullivan, a CPA with substantial municipal auditing experience, to reconcile cash accounts for April, May and June 2014. Subsequently he was hired to reconcile cash accounts for July, August and September 2014 and to set up Quickbooks as a template to reconcile future months.
    - iii. With the Treasurer recently being placed on paid leave, the Town has hired Municipal Solutions to manage the Treasurer's office on a daily basis.
6. Relationship of Town Administrator (TA), Finance Director (FD) and AC
  - a. AC requested that the TA and FD attend the 5/6 meetings per year dedicated to the annual audit.
  - b. The AC will set meeting dates on nights that do not conflict with BOS or Finance Committee meeting (preferably Thursday evening).

- c. In May the AC will set meeting dates with the outside Auditor Scott McIntyre of Melanson Heath in October, November, December (2), March, and May for the upcoming audit cycle.
  - d. The AC asked that the draft response to the Management Letter be available for review prior to the BOS/Auditor/Annual Audit meeting in December.
  - e. Nan Balmer stated her intent to include the department heads in addressing management letter items. She added that the TA is ultimately responsible for the response to the management letter and the implementation of the proposed corrective actions.
7. Review AC current duties and responsibilities and proposed additional duty.
- a. The AC asked to be informed of all audits (outside of the annual audit) that are proposed or ongoing.
  - b. The AC discussed an additional duty. The proposed language was as follows:
    - i. Additionally, with approval of the Board of Selectmen, provide assistance in support of the process for other external audits or reviews, which may include providing input on the scope, reviewing and ranking respondents to RFPs, acting as a point of coordination and support for the auditor conducting the work, and, if requested, provide advice to the requestor on reading and interpreting the report.
    - ii. Gordon Cliff moved the proposed language, seconded by Chris Riley and unanimously approved. Vote 4-0.
    - iii. Nan Balmer agreed to bring the proposed additional duty to the BOS for discussion and vote.
8. Town Response to Management Letter
- a. Item #1-Formalize a Fund Balance Policy
    - i. Nan Balmer plans to include this on a BOS agenda after completion of Town Meeting.
  - b. Item # 2-Improve Automation in Tax Collector's Office
    - i. The software needed to address this item will require Town Meeting approval. It is anticipated that this capital expense will be included in the FY2017 Warrant.
  - c. Item # 3-Ensure Proper Allocation of Expenditures
    - i. The School Department (SD) has identified 5 revolving accounts that have balances that seem to represent a reserve. The SD has either explained the reserve or is taking actions to review fees and appropriate reserves levels.
    - ii. The Ambulance revolving fund reserve will pay for a replacement fire truck in FY2017.
    - iii. Discussion is ongoing to change the Recreation revolving fund to an Enterprise Fund in FY2017.
  - d. Item # 4-Improve Compensation Absences Accounting

- i. The FD and SD have automated and reconciled compensation absences accounting. This has been tested and shown to be accurate. Annually this will be tested for accuracy.
    - e. Item # 5-Improve Compliance with the Town's Cash Management Practices and Investment Policy
      - i. TA to keep the AC informed of progress to be made on this item.
9. Meeting Minutes
  - a. The 11/10/14 Executive Session minutes with slight modification were motioned by CR, seconded by GC and approved. Vote: 3-0-1
  - b. The 12/1/14 minutes were moved by GC, seconded by PB and approved. Vote: 3-0-1
  - c. The 12/15/14 minutes were moved by CR, seconded by GC and approved. Vote: 3-0-1
10. Next Meeting
  - a. Tentatively set for Thursday May 21<sup>st</sup>.
  - b. Topics include:
    - i. Review further progress on Management Letter response.
    - ii. Invite Scott McIntyre of Melanson Heath to discuss audit schedule and set future meeting dates.
  - c. Review BOS feedback/vote on AC additional duty.
  - d. Tentative future meeting Thursday June 18<sup>th</sup> to draft AC report to BOS on status of corrective action taken by town management to address auditor's management letter items.
11. Upon motion made, seconded and unanimously approved the meeting was adjourned at 9:00 pm. Vote: 4-0.

Respectfully submitted,

Chris Riley

Documents

1. Auditor's Management Letter
2. Town's response to Auditor's Management Letter
3. 11/10/14 draft executive session minutes
4. 12/1/14 draft meeting minutes
5. 12/15/14 draft meeting minutes