

Draft Minutes for Audit Committee Meeting of January 14, 2009
Held at the Fire Station Meeting Room
Approved February 5, 2009

Members Present: Ernest Welker (EW), Chair; Ray McCarthy (RM); Glenn Rosenberg (GR)
Members Absent: Paul Smith

Others: Paul Pasterczyk (PP)

The Chair called the meeting to order at 7:00 p.m.

Minutes from the November 19, 2008 meeting were approved.

Audit Services Contract

GR discussed that the Town's appointed independent auditors Scanlon & Associates (SA) were seeking a 1 year extension related to completing the June 30 2010 examination and that their proposal was going to be submitted in the coming weeks. Their proposal would not seek an increase in fees. RM discussed the language in the by-laws regarding the timing, selection and appointment of the Independent Auditors (IA). As the by-law is currently written it requires the IA for the upcoming fiscal year to be selected prior to the completion and wrap-up of the current fiscal year and should the Town not be satisfied with the work performed for the current audit then commitment for the upcoming year would have already be made. EW stated that he would follow-up with those individuals that developed the by-laws to determine their intent and what flexibility the Town would have related to the appointment of the IA should there be a need for a change.

Audit Report and Management Letter

GR reviewed the upcoming timing of the AC meeting with SA. He mentioned that the draft management letter has been developed and it will be distributed to impacted parties within the next few days. It will take approximately 2 weeks to get formal responses and incorporate those responses into the final document. Based on this timing GR suggested that the next AC meeting with SC be scheduled for the first week in February.

GASB #45 OPEB

EW stated that the Finance Committee (FC) long range planning sub-committee has included the OPEB liability numbers as detailed in the Segal actuarial report in the long range financial model. Having earlier raised with Tom Scanlon, Jr. a question about which of the OPEB numbers belonged where in the l-r planning model, EW said he would seek to get Jim Nittoli (Chair of l-r subcommittee) and Tom, Jr. to communicate directly on this matter rather than through himself. EW reported that he understands at least some of the FC members will attempt to have some funds in next year's budget directed toward funding the OPEB liability.

Investment Policy Task Force and new Investment Policy

After working with the Finance Director and submitting some format and minor content suggestions to the IPTF's draft document to the Task Force Chair, EW reported there have been no responses or follow-ups. He also stated that he informed Jim Nittoli, FC Vice Chair and also Vice Chair of the IPTF of the inaction and Jim responded that he would look into it once he could free up some time from the FC's budget demands. EW also mentioned that this may be an issue highlighted in the IA management letter or notes to the financials statements.

Report from Treasurer/Finance Director/Bartholomew on Town Investments

PP reported that he and the Treasurer are formulating a new report to show that the Town is in compliance or not with the Town's new Investment Policy now in draft form. The report will give the % of investments allocated to each approved category. PP discussed that there is already a quarterly report that they receive from Bartholomew. PP discussed that once the report is completed he would issue it on a quarterly basis to the FC and Select Board. Both the FC & SB have not requested an update of the status of Town investments.

Recruiting other AC members

EW reported he had inquired of the TM if the SB intended to conduct mid-year interviews and make appointments for vacancies and was told by the TM that the SB has no plans to interview potential candidates prior to the normal appointment timeframe. RM recommended that we should continue to actively seek new members and stated the SB may need to reconsider their plans in the event that the AC does not have enough active members to conduct business and fulfill our responsibilities.

Documentation of policies/procedures and internal audit function

EW discussed the part-time internal audit position that was recommended in last years management letter however funding was not approved in the FY 09 budget. He stressed that the lack of this resource was a potential high risk for the Town. This position initially would be able to document policies and processes in the town and once the processes were documented this person would be able to test and ensure compliance. RM stated that he agreed that a position of this sort would be beneficial and had merit however given the financial pressures facing the Town that it would more than likely be viewed as a low priority and may suffer a similar fate as the FY 10 budget gets completed. EW stated that he would look for the status and response in this years management letter to determine how best to proceed.

Budget format

RM reviewed a template that he designed for presenting the Town's budget information. The template is a 2 page PowerPoint document and as an example he selected the police Department. The template contained fictitious information for illustrative purposes however highlighted summary budget numbers, FTE's, comparison cost per resident of other area towns and also key statistics and results. RM indicated that citizens want to know what their dollars are buying and how they compare to other towns in order to get an appreciation of the budget numbers. RM indicated that he had shared this template with Paul Santianello of the SB and had received positive feedback and was waiting to hear on potential next steps for implementation with the FY 10 budget process.

Date of next meeting tentatively scheduled to be February 5, 2009, location to be determined.

Meeting adjourned 8:45 p.m.

Respectively submitted,
Ray McCarthy, Secretary