

Minutes of Longmeadow Town Audit Committee
Meeting of October 2, 2006
Town Fire Station Conference Room
Adopted 10/16/06

Members Present: Paul Adornato (Acting Chair), Larry Eagan, Peter Landon, Ernest Welker. Absent: David Kowarsky (Associate). Advisory: Paul Pasterczyk.
Guests: Select Board Members Kathleen Grady and Paul Santaniello, Town Manager Robin Crosbie, town resident Joe Occhiuti.

The meeting was called to order at 7:10 PM by Paul Adornato, who appointed Ernie Welker to take minutes.

1. A motion was made and approved to accept the minutes of the September 26, 2006 meeting.
2. Paul Adornato welcomed SB representatives and the TM, thanking them for their time and efforts to clarify their views on the role of the AC and to improve communications among all concerned but especially between the AC and SB so that the AC might most effectively fulfill its ultimate purposes.

He said that the AC had its first meeting in September last year, has met 12 times since then, has taken the Transition Team document as its guide for what it should attend to, and has worked with Paul Pasterczyk throughout the process. In part, the year has been a matter of getting up to speed on town operations and financials. Mr. Adornato acknowledged that the AC could and should have done a better job of communicating with those to whom it is advisory, especially the SB.

Mr. Adornato recounted the origin of the need for the meeting: In earlier meetings with the TM and SB Vice Chair William Scibelli regarding the AC's role in the hiring and oversight of the external auditor, it was learned that the SB was uninformed about what the AC had been doing, that the AC was uninformed about the SB's expectations of it, and that the TM believed the AC's activities were sometimes misplaced and overly demanding of Mr. Pasterczyk's time. Mr. Adornato said the AC discussed these matters and agreed on items to bring up at this meeting. He distributed a copy of them and asked for the opportunity to hold the floor for a period in order to go through the items.

The list included, summarizing and paraphrasing:

1. Discussion of AC role and responsibilities
 - AC's understanding of relationship with SB, TM, SC, etc.
 - Review of Charter Sec. 7-9 creating an audit committee and its broad duties and of the SB-endorsed Charter Transition Team document elaborating details on its role, purpose, and responsibilities.
 - Should AC review and discuss this with the entire SB?
2. AC's vote to support the Citizens "Audit Article"
 - Explain AC's position regarding importance of ensuring independence of external auditor from direct influence of town management
3. AC activities to date, as examples for SB and TM to comment on
 - Nine items were listed and described
4. Future activities being considered by the AC
 - Nine items were listed and described
5. How can AC be more effective?
 - Would it help to have a open meeting with entire SB to discuss these things?
 - Need to revise and add more detail to Transition Team document?

- What activities should AC focus on in coming year?
- What procedure does the SB want AC to use for reporting to SB?

After the 30 minutes or so the Chair took to make his presentation, he asked the SB representatives and TM for their reactions. Discussion lasted about an hour and covered many points. A few key points follow.

Ms. Grady talked about the SB's heavy load of responsibilities and, consequently, its practical inability to be the initiator of communications to stay updated about the activities of the many committees, boards and other bodies under the SB. In an effort to improve on this, she said the SB has decided to regularly meet as a board with these bodies, quarterly being the target frequency. Yet, she urged, the AC should take the initiative to report to the SB at least quarterly (reminding the AC that the Transition Team document specifies such) via an appearance at an SB meeting to give a summary report on its activities, any advice it has, and its plans for future activities.

Ms. Grady also pointed out that as a member of the Transition Team she voted in favor of the document's expanded detail of the AC's role, duties and responsibilities, in part because she believed SB members would not have the expertise to perform this financial oversight function which is so important to assuring citizens that Town operations are sound and deserve their trust. Recalling that the one-paragraph Charter section creating the AC enumerates its duties as reviewing the Town's annual financial statements and the related independent auditor's management recommendations, she said she expected the AC would surely do at least those things and report back to the SB on its review. She related that she had recently gone through the archived AC meeting minutes and learned that the AC had indeed performed these functions, yet did not give a report on it to the SB; so as far as the SB knew, the AC had not performed even these basic functions. She said it is important for the citizens to be able to see the AC in action and hear its comments on the Town's financial status. She also said it is not too late for that with respect to the FY 2005 financials.

Ms. Crosbie remarked that the AC's activities were, in a number of instances, a misplaced use of time and created problems for town operations. She referred to the AC's focus on the Town's risk management practices, saying that town management knows the Town has many risks, that they are being addressed as fast as they can within the constraints of resources, and that in some cases the priority for addressing certain risks is established by federal and state requirements. With respect to the AC's issued advisory on the need to mitigate energy-cost risk, as an example, she said that by the time she received it the Town had entered its new multi-year contract for electricity. She commented that many of these problems could have been avoided if the AC had consulted with her about its planned activities, and urged that the AC do so in the future. AC Members responded that the AC believed it was getting the input of town management through Finance Director Pasterczyk, who is the AC's liaison with town management, attended most of our meetings, and knew of our activities on an ongoing basis. The TM and AC agreed that additional consultation with the TM by the AC would be beneficial to all concerned.

Mr. Santaniello reminded us that he had just become an SB Member, having been on the School Committee (SC), and his initial interest is having the AC give attention to the operations of the School Department (SD). Specifically, he said, the Town had paid The Abrams Group for a study of the financial and administrative practices and procedures of the SD, the results of which were presented in a Sept. 2004 report. He asked if the AC had reviewed that report and done anything about it. Ernie Welker said that the AC had been given a copy of the report but had not reviewed it in detail because in late '05 and early '06 meetings attended by then-SC-chair Jim Nittoli, he said the SC was working diligently to get the financial and budgetary systems to reflect up to date detailed information, which had not been the situation and thus did not provide the SC or others with the information needed to assess the status of things. Jim said that many of the Abrams Group's recommendations were tied to this problem, and that once it is fixed, the recommendations will be able to be more effectively addressed. Remarking that since the financial and budgetary data problem was now fixed, Mr. Santaniello said he would like to have the AC undertake a review of the Abrams study and what has been addressed or not and then to report on it. The AC agreed that more attention to the SD is warranted. (Mr. Santaniello exited the meeting, because

he had a family commitment) Both Kathy Grady and Robin Crosbie expressed the opinion that with the recent appointment of Ms. Hart as Superintendent of Schools (from Acting Super.) the AC would get the cooperation of the SD in any audit reviews of the SD.

After an hour or so of discussion, Mr. Adornato called for final comments. Pete Landon asked Ms. Grady and Ms. Crosbie to say if they believed the SB-endorsed Charter Transition Team document elaborating details on its role, purpose, and responsibilities of the AC needs to be revised or is fine as it stands. Ms. Grady said she personally believes it is too broad but okay as is. Both reiterated that what is needed is for the AC to consult with the SB and TM about its planned activities before undertaking them.

Ernie Welker offered an interpretation of the meeting's take-aways for the AC: Agreement that the AC appear before the SB at least quarterly to report on its activities and discuss its planned activities. Agreement that the AC be more pro-active in communicating with the TM and other related parties about its activities and possible demands on operational resources. Agreement that the AC undertake in coming weeks or months to (1) appear before the SB to give a report on the external auditor's FY2005 financial audit and management review and (2) begin a review of The Abrams Group study. No disagreement or suggested revisions were voiced. Except for Mr. Pasterczyk, guests left the meeting.

Earlier in the meeting, Mr. Pasterczyk had distributed to Members copies of the three proposals he had received in response to the RFP to serve as the Town's external auditor. Members agreed to study the RFPs and to meet on October 16th at 6 p.m. at police station meeting room for the purpose of discussing the proposals and taking related actions. Mr. Pasterczyk agreed to attend that meeting.

Having been postponed because of summer absences and a resignation, the AC elected its officers for the year ending June 30, 2007: Paul Adornato, Chair; Pete Landon, Vice Chair; Ernie Welker, Clerk, Secretary.

Next regular meeting date was set for October 26th at 7 p.m., place to be determined.

Meeting adjourned at 9:25 p.m.

Ernest Welker
Secretary