

Minutes for Audit Committee Meeting of November 19, 2008
Held at the Fire Station Meeting Room
Approved January 14, 2009

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

Others: Thomas Scanlon, Sr., Thomas Scanlon, Jr., and Greg Winters of Scanlon & Associates,
Paul Pasterczyk (PP)

The Chair called the meeting to order at 7:01 p.m.

Audit Planning

At the invitation of the Audit Committee (AC) the Town's appointed independent auditors Scanlon & Associates (SA) came before the AC to discuss the June 30, 2008 annual audit. SA briefly reviewed the typical audit testing, procedures and controls performed when auditing the town. They discussed in detail the programs they are required to audit that receive Federal funding. On an annual basis SA performs a risk assessment and analytical review for all departments and key functions.

SA inquired of the committee and Paul Pasterczyk the current status of the prior year Management Letter comments and follow-up actions. GR described in detail his follow-up actions on the various comments and the current status of each comment. GR mentioned he has held several meetings and sent follow-up emails to the various departments (in particular the school) to get responses, action plans and expected completion dates. EW commented to SA on the FY07 Management Letter format, specifically mentioning the discontinuance from earlier practice of listing prior-year items that had been satisfactorily handle, and he asked that the prior practice be reinstated. SA replied that they had already planned to do that.

EW expressed unhappiness with SA for its handling of the difference of opinion regarding the Investment Policy update that the AC had participated in drafting; in particular that SA did not inform the AC that the Finance Director had asked for their opinion nor had informed the AC of their opinion. EW stated that the SA had a responsibility to keep the AC informed of controversial financial matters as they occur and not to count on Town executives being the information avenue for keeping the AC informed.

An area of focus for SA during the upcoming audit will be the water and sewer enterprise fund (this will be the first full year this fund's accounting records will be on the Munis system). SA expected to have the final draft report available by the end of the calendar year December 31, 2008.

Another issue discussed by the AC was the recently completed actuarial report on the Town's OPEB (Other Post Employment Benefits) unfunded liability. SA mentioned that OPEB was a relatively new accounting requirement facing all Massachusetts towns that needs to be addressed in the coming years. SA requested an opportunity to review the recently issued report and examine the assumptions being used. EW requested that after SA had an opportunity to review the report that they would be invited back at a future meeting to offer their perspective and insight.

The AC thanked SA for reviewing their audit process and planning of the 6/30/08 audit, and they were excused from the meeting at 8:45 p.m.

Housekeeping Business

By motion, the minutes of the meeting held July 24, 2008 were unanimously adopted.

By motion, the FY09 officers were duly appointed: Ernest Welker, Chairman; Glenn Rosenberg, Vice-Chairman; Ray McCarthy, Secretary

Other Business

AC discussed current vacancies on the committee and requested that the Chair get notice in the local newspaper and on the Town's website to try to recruit new members.

RM provided an update to the on-going budget process and long-range financial planning efforts of the Finance Committee. He stated that progress was still being made with both the Finance Committee and Town's Finance Director working together on the long-range assumptions being utilized. One item that needed to be added to the financial model was the OPEB liability (based on the recent actuarial report). In addition RM still needed to develop a budget template to be used as an example to present the budget information in a format that would be more understandable to the town's citizens.

OPEB – Ernest Welker (EW) presented and reviewed the actuarial report of the Town's OPEB liability. EW stated the report was recently presented to the Select Board however a determination of action to be taken (funding plan) was not implemented. EW stressed that the Town in the near future will need to decide on an action plan to deal with this unfunded liability.

Investment Policy Task Force – Ernest Welker commented that he is working on the policy statement to organize it and make sure it is understandable.

AC work plans – EW discussed potential AC work priorities for FY 09. Projects discussed included: conflict of interest, whistle blower and other compliance policies and procedures; continuing efforts on the budget format and presentation initiative and on long range financial planning and OPEB liability; and annual audit and Management Letter items.

Date of next meeting tentatively scheduled to be January 14, 2009, location to be determined.

Meeting adjourned 9:50 p.m..

Respectively submitted,
Ray McCarthy, Secretary