

Minutes for Audit Committee Meeting of February 23, 2009
Held at the Fire Station Meeting Room
Approved July 23, 2009

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

Others: Christopher Gingras (CG).

The Chair called the meeting to order at 6:05 p.m.

Corporate Compliance

The Audit Committee welcomed Christopher Gingras, Chief Compliance Officer for Baystate Health to review and discuss compliance policies and procedures. CG brought a portfolio for each committee member that included sample compliance policies including –

- Organizational Values & Ethics Policy
- Non-Retaliation & Non-Retribution for Reporting Actual or Potential Wrong-Doing
- Duty to Report Criminal, Illegal or Unethical Conduct & Fraud, Waste or Abuse
- Corporate Compliance Policy

CG opened his discussion by saying that he could develop hundreds of standard policies and procedures to address compliance concerns however having these policies in place wouldn't automatically make for environment that had strong standards. A good compliance environment is largely dependant upon people needing to do the "right thing" and understanding what is required.

Management, employees and citizens need to understand that it is their obligation to alert and report compliance issues. Having a corporate culture that encourages this behavior is a requirement. The board & senior management of all organizations need to promote and encourage responsible behaviors; it cannot be completed by an outside consultant or by the chief compliance officer.

CG stated that at Baystate employees are required to sign a Code of Conduct and they are required to go through specific educational training on compliance issues. On an annual basis management employees are required to complete a compliance questionnaire.

Baystate has established a phone line with an independent corporation where employees, patients and visitors can call in on a confidential basis to ask questions or report abuse. CG mentioned that employees should follow the proper chain of command within their area to report or talk through issues with their supervisors. He stated that this can only be accomplished if employees are comfortable with the corporate culture. CG stated that Baystate has a very strong culture so much so that they require all of their vendors adhere and sign-off on the same code of conduct as employees.

CG concluded the discussion by simply stating that people need to do the right thing. The audit committee thanked CG for coming to the meeting to discuss compliance policies and processes.

Minutes

Minutes of the February 5, 2009 meeting were approved.

Audit Services Contract

RM reviewed his draft presentation related to the extension of the Audit Service contract, intended to be presented by GR to the Select Board at one of their upcoming meetings. The presentation, with input from all committee members, highlighted the pros and cons of changing auditors and also the current Town By Laws related to the independent auditor and audit contract. The presentation included the Audit Committee's vote at its Feb. 5 meeting to recommend Scanlon & Assoc. 2 year extension and modification of the FY 2009 contract price to the Select Board for its acceptance.

OPEB Liability

EW discussed the current status on the OPEB report mentioning the 2 methods that can be utilized (unit cost or age normal methods). He stated that the 2009 numbers need to be updated however further information is needed to determine if once the Town selects one of the valuation methods if you can switch later in the process or if you are locked in to that method.

Investment policy

EW stated that the status of the Town's investment policy was still open and that follow-up was needed. EW was going to inquire of the status of this policy from the Finance Committee.

New audit committee members

EW noted that he continues to ask his contacts and other Town committees members for possible candidates for appointment to the Audit Committee. The Select Board informed EW that they would be interviewing and appointing candidates in the May & June timeframe which is the usual timing.

Meeting adjourned 7:10 p.m.

Respectfully submitted,
Ray McCarthy, Clerk