



MINUTES
AUDIT COMMITTEE

February 22, 2017

Attendees: Mike Barbaro (Selectman), Roger Doucet (Community), Ulysse Maillet, Vice Chair (Community), Moe Ward, Chair (FinCom), Dawn Fronte (School Committee)

Public: William Scholosstein (Town Accountant), Greg Vine (Newspaper), Steve Haddad (Superintendent of Schools), Keith Hickey (Town Manager).

Invited Guest: Tony Roselli of Roselli and Clark Accounting Firm.

Dr. Ward opened the meeting at 6:30 with the Pledge of Allegiance to the Flag.

Dr. Ward welcomed Dawn Fronte, new member representing the School Committee.

Mr. Roselli was introduced and asked to explain the 2016 Management Letter. He used a chart starting with the outstanding items from 2015 before moving onto the results of the 2016 audit.

Highlights include:

2015: 5 items fully corrected; 3 items partially corrected and 2 items that need attention.

2016: 1 partially corrected item and 7 items that need attention. These 7 items were school related. Mr. Haddad, Superintendent of Schools explained that assistance has been retained for the school business office and all seven of these items will be corrected.

Attached to these minutes are updated notes on the chart of findings for 2015/16 which will serve as the "detail" of the meeting.

MOTION to approve the minutes of October 26, 2016 by Mr. Maillet, seconded by Mr. Barbaro. Vote: 4 – 0 – 1 (Fronte)

MOTION by Mr. Barbaro to recommend to the Selectmen that the Town continue with the firm of Roselli and Clark for three years with the option of an additional two years. Seconded by Mr. Maillet. This recommendation will be made to the Selectmen at the February 27, 2017 meeting.

Discussion on date of next meeting. Mr. Roselli will confirm a date of May 24th late in April. The agenda will include a conclusion of this year, plans for 2017 audit as well discussion on individual departments that may be the object of audits (much like the transfer station was this year)

MOTION to adjourn at 7:18 by Mr. Barbaro, Seconded by Mr. Maillet. Vote: 5 – 0

FINDINGS from the 2016 MANAGEMENT LETTER

And

REVIEW of 2015 Findings

TOWN OF WINCHENDON

	REVIEW 2015	FULLY CORRECTED	PARTIALLY CORRECTED	NEEDS ATTENTION	Notes
1.	Town: Cash reconciliation Progress	X			On Target for 2017
2.	Payroll: only using Harpers then using bridge to import to MUNIS	X			Working well
3.	Town: Reconciliation of withholding accounts.	X			This led to problems with self-insurance but was resolved at end of 2016
4.	MUNIS: Still a finding but because 'work arounds' to build a more efficient system have been implemented this is no longer a material weakness but still needs to be fully addressed.		X		Payroll duplication. Treasurer has successfully created a bridge to MUNIS. Chart of accounts at school ongoing scrutiny.
5.	Water and Sewer: Adjustments made to prospering record these entries.	X			Liens resolved
6.	Tax Collection: The process is better but cash flow remains an issue.		X		Attry involved. More aggressive but results not apparent yet = monitoring required
7.	Title V Betterments	X			On Track
8.	Retiree Health Insurance Withholdings: no retirees are in default or more than a quarter in arrears.	X			On track

9.	Special Revenue: process of investigation into these accounts has started but not completed.		X		150,000 – 200, 000 ongoing clean up
10.	Compensated Absences Calculation Procedures: unable to provide an accurate listing of hours of vacation owed to employees.			X	NEEDS ATTENTION
11.	Ambulance: end of fiscal year 2016 outstanding balances exceeded 400,000.			X	NEEDS ATTENTION
	2016 REVIEW	FULLY CORRECTED	PARTIALLY CORRECTED	NEEDS ATTENTION	Notes
12.	<i>Transfer Station: 11 separate controls put into place with new director; 5 suggestions made; excellent progress under new director.</i>		X		Highway trash pickup created some of the deficit – this belongs to the town – therefore, transfer station is on target.
13.	School: Grant Reconciliation Process needs formal procedures to reconcile grant activity to all grants accounts on the Town general ledger			X	FINANCIAL ASSISTANCE IS ON BOARD TO HELP THE BUSINESS MANAGER CORRECT THESE ITEMS
14.	School: Ineligible Payroll Costs: implement procedures to compare payroll charges to all federal grants against an active list of employees working on each grant.			X	
15.	School: Timely filing of Financial Reports: Final grant financial reports reconciled to general ledger monthly.			X	
16.	School: Time & Effort Records: Semi-annual list of people solely paid through federal grants and certify as such.			X	
17.	School: Publication of School Progress: results of yearly progress made available to whole community via website.			X	
18.	School: Student Activities: Variances in accounts as high as 20,000. Establish monthly or quarterly reconciliation			X	
19.	School: End of Year Report: 9 items understate of over				

	\$575,000 and 4 overstatements of over \$650,000, 1 duplicate of \$180,000. Provide training to School BM in order to complete required tasks in timely and efficient manner.			X	
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GENERAL RECOMMENDATIONS:

1. Proposed new accounting standards will require that the net OPEB liability be reported in the government-wide financial statements. Adoption of this new accounting standard is two years away. Town needs to keep these new obligations in mind when developing long term financial plans.
2. Adopt a formal internal control framework.
3. In 2016, the Municipal Modernization Act was signed into law in Massachusetts. The town needs to review this Act in its entirety to determine which sections apply to Winchendon.
4. The Town should create a policy and procedure manual that would establish consistency in financial policies between departments (also recommended in 2015).
5. The Town should implement a limited internal audit process (also recommended in 2015).