

MINUTES
AUDIT COMMITTEE

May 24, 2017



Attendees: Roger Doucet (Community), Moe Ward, Chair (FinCom), Dawn Fronte (School Committee)

Absent: Mike Barbaro (Selectman), Ulysse Maillet, Vice Chair (Community)

Public: William Scholosstein (Town Accountant), Rick Ward.

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.

The goal for the coming year is to improve fiscal management and streamline processes by formally auditing different departments of the Town. Findings will be included in the 2017-2018 Management Letter.

Mr. Roselli is currently auditing the Student Activities Account for the school. He has determined that each of the FOUR schools needs a checking and a savings account to manage their own dollars. The treasurer can set up these accounts then a training session for ALL school personnel involved will be set up. The target date is to have the training prior to the end of this year along with a proposal of findings.

Mr. Roselli has offered to audit TWO departments in each of the next three years. Those departments identified are: Veteran's, Police Detail, Town clerk, Building Permits, Council on Aging, Athletics, Ambulance. There was discussion on the pros and cons of each department.

MOTION by Ms. Fronte that the Police Detail and Ambulance Departments be audited this year. Seconded by Mr. Doucet. Vote: 3 – 0

MOTION by Ms. Fronte that the Building Permits and Athletic Departments be audited the following year. Seconded by Mr. Doucet. Vote: 3 – 0

It was also stated that should something unexpected happen Mr. Roselli could take these departments out of order and notify the Audit Committee of his actions/reasoning.

The expected timeline for these audits is July and August with the findings included in the formal management letter (Jan/Feb 2018). It is hoped that the school will not be late this year and the final audit findings can be presented early in 2018. An informal letter of expectation is targeted for October. This letter will contain findings from all Town Departments.

MOTION to approve the minutes of February 22, 2016 by Ms. Fronte, seconded by Mr. Doucet. Vote: 3 – 0.

The next meeting will be Tuesday July 25th or August 1st to review the 2015/16 findings (attached) and progress with Mr. Hickey, Mr. Scholosstein, Mr. Haddad, and Mr. Ikononen.

MOTION to adjourn at 7:14 by Ms. Fronte, Seconded by Mr. Doucet. Vote: 3 – 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 | | | X | NEEDS ATTENTION |

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|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------|----------------------------|-------------------------------------------------------------------------------------------------------------------------|
| | employees. | | | | |
| 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 | |