

MINUTES
AUDIT COMMITTEE
February 21, 2018

Attendees: Mike Barbaro Vice Chair (Selectman), Roger Doucet (Community) , Moe Ward, Chair (FinCom).

Absent: Dawn Fronte (School Committee)

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

Invited Guest: Chief Tom Smith, Winchendon Fire Department; Tony Roselli of Roselli and Clark Accounting Firm.

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

1. Chief Smith updated the committee on delinquent ambulance balances – monthly reconciliations, more diligent attempts to collect, sent to collections agencies when local resources exhausted, BOS writing off uncollectables on case by case basis; Advanced software system ties dispatching to Fire station and MUNIS for reconciliation of revenues- both are working well for real time information and updates. There are 3 full time firefighters/EMTs on each shift with the addition of the Chief and Deputy Chief during the day. The Chief is collecting data to study the feasibility of purchasing a third ambulance. The results of that study will not be available until 2019/20.
2. Mr. Roselli reviewed the 2017 Management Letter. Of special note is that the Town borrowed 3.5 million dollars in 2015 with a pay back of 10 years. With astute oversight that loan is expected to be fully repaid by the end of year 2019.
 - a. The Town side has done a good job of correcting all findings from previous years.
 - i. Creation of a policy and procedure manual – Approved by BOS March 2016
 - ii. MUNIS work arounds have sufficient backups and MUNIS itself has been updated.
 - iii. Collections process is working with \$367,000 delinquent property taxes collected in 2017 and so far in 2018 \$280,000 have been collect.
 - iv. Adoption of a formal internal control framework to be in compliance with the Green Book or COSO is needed.
 - b. The School side has many outstanding prior year findings along with additions from the current year.
 - i. Formal reconciliation procedures should be implemented to reconcile grant activity to all grant accounts on the Town ledger side.
 - ii. Ineligible Payroll costs has been corrected – errors were caught by the checks and balances set up with MUNIS and work arounds in place.
 - iii. Grant financial reports need to be reconciled to the general ledger on a monthly basis.
 - iv. Transactional process needs significant work. Grant payrolls and tuitions should be directly posted to individual grant funds' line items. Examples are provided in the Management Letter.

- v. Unable to consistently provide an accurate listing of hours of vacation owed to employees, In the current the auditors did not receive ANY information on compensated absences from the School.
 - vi. Two elementary school do not have current schoolwide plans to comply with the Title 1 requirements. These are listed in the management letter.
 - vii. The End of Year report has numerous errors in 2017 that have not been corrected (\$140,000 operating budget less than the general ledger) and for 2018 the operating expenditures were about 2.5 million greater than the amount voted at the Annual Town Meeting. Mr. Roselli is going to look into this to see if it was a paper error or possible a double entry. (An email later in the evening from Mr. Roselli confirmed 2.5 million greater with no visible duplicates or reason)
 - viii. Numerous adjustments discovered and reported in the prior years were brought forward as they have not been corrected.
 - ix. Mr. Roselli suggested that if the School Business Administrator is not able to prepared the End Of Year report to DESE in an accurate and timely manner, it should be outsourced.
 - c. Fire Department is working on cleaning up outstanding ambulance balances with more diligence locally as well as sending to collections those that they are unable to resolve. The Department has linked to the Town Side with a MUNIS Read Only ability that permits them to reconcile accounts in a timely manner and correct any errors noted. Chief Smith is also doing a data survey to study the feasibility of purchasing a third ambulance as both a source of revenue and to provide the town with more timely response to emergencies.
 - d. The Police Department has been working at streamlining the 'Detail' payment process. The Selectmen gave them \$20,000 in 'seed' money to relieve the burden between billing and collecting from outside agencies.
 - i. The second largest outstanding balance for Details is from the School owing for coverage of sporting events. It was suggested that a journal entry be made to correct this.
3. It was decided to wait until after the Tri-Board meeting (March 7, 2018 at 6:30) and until we have all board members present before working on proposed long and short-term goals.
4. MOTION to approve the minutes of Nov. 1, 2017 by Mr. Barbaro, seconded by Mr. Doucet. Vote: 3 – 0.
5. No public comment.
6. MOTION to adjourn at 8:09 by Mr. Barbaro, Seconded by Mr. Doucet. Vote: 3 – 0