



Town of Wayland Massachusetts

Audit Committee

Klaus Shigley (Chair)

Stephen Curtin

Randi Stern

Samantha Shulb

Deborah Vogt

Wayland Town Audit Committee Minutes

Tuesday, February 21, 2023

6:00 pm via Zoom

In attendance:

Klaus Shigley, Chair; Randi Stern, Member; Steve Curtin, Member; Deborah Vogt, Member; Samantha Shulb, Member; Brian Keveny, Wayland Finance Director, Alina Korsak, Auditor with Marcum LLC.

Call to order:

The meeting was called to order at 6:06 pm by Chair Shigley. The chair reviewed the agenda. Brian gave an update on the staffing changes in the town's finance department. Additionally, the new Town Manager is scheduled to start in one week.

Brian updated the committee on the status of the 2022/23 cash account reconciliations. The 2022 cash reconciliations are completed through November 2022. These were completed by the town's Treasurer. While the reconciliations were not timely in 2022, they are timely in 2023.

He noted there is a 14% increase in out-of-district tuition costs which is contributing to a higher than usual budget. The reports note a \$1.7m increase in debt service and a \$1.7m increase in special ed services. He continued on to share that there are currently 14 open job recs in the town.

The finance office is now in the "9th inning" of the budget prep for the 2023/24 fiscal year.

At 6:11 pm Chair Shigley turned the meeting over to Alina Korsak from Marcum LLC (Marcum merged with Melanson on 1/3/23).

Alina shared her presentation of the audit results from June 30, 2022. The process of the audit was recapped for the attendees.

The reports that were issued include:

- Opinions
- Management letter
- Governance letter

Alina reminded the attendees that the audit is an audit of financial statements and not an audit of internal controls.

Of note:

- GASB 87 (Governmental Accounting Standards Board) was implemented this year
- GASB 94 and GASB 96 regulations are coming in the near term

Alina took the committee through an overview of the financial statements including:

1. Auditor's report
2. Management discussion & analysis
3. Dual perspective financial statements
 - a. Government-wide
 - b. Fund financial statements
4. Notes to the financial statements and required supplementary information

Additional discussed topics:

- Wayland has again received a GFOA Award for excellent in financial reporting for its Annual Comprehensive Financial Report (AFCR)
- The General Fund has been consistently growing
- Unassigned General Fund balance went down due to the use of free cash

Budget vs Actual comparison:

- Revenue – a shortfall in the motor vehicle excise tax collected
- Net is \$1m negative
- Bonds & Loans went down due to no bonds being issued in FY22
- Net OPEB went up

Management letter comments

- Discussion of prior year late reconciliations vs current year up-to-date reconciliations
- Chair Shigley confirmed with the auditor that the material weakness of untimely bank reconciliations will not be highlighted next year as that issue has now been resolved. The reconciliations have been completed by using a CLA resource for this task. Wayland is now in a better position with this task than in past years.

Guaranteed Deposits

Brian Keveny shared with the committee that the guaranteed deposit accounts have not been tracked over the past several years. These are individual department accounts that hold contractor funds while work is completed within the town. When the work is completed, the funds are returned to the contractor. Over time, and with staffing changes, many departments have lost track of what is owed back to whom and the contractors have not come forward to request their funds back. This is an area that will likely be reviewed and resolved by the new town manager.

Q & A with Alina:

- Klaus asked for clarification that the town's FinCom has final say over the budget.
- Some content details were reviewed & corrected
- Debbie asked about payroll audit. Alina expressed no concern this year as in years past.
- Alina touched back on the GASB changes coming as they will be significant. Alina recommended that the necessary town employees attend the training for GASB 94 and GASB 96 when it is available.
- GASB 101 is a new and significant financial reporting module that will be implemented in the next couple of years.

Peer Town Audit Committee review:

Of the 12-15 peer towns previously discussed, only 3 have an Audit Committee and these appear to be the larger towns from the list. Chair Shigley presented a summary of findings of the peer town comparisons.

Brian shared some history on why Wayland established an Audit Committee back in 2011 or 2012. The Audit Committee was established as a way to monitor free cash or internal controls among other things. This topic started a wider conversation about the purpose of the Audit Committee. This discussion included: are internal controls part of the Audit Committee oversight or just financial controls? While having an Audit Committee is considered a "best practice" it is not very common at the governmental level.

7:38 pm Alina concluded her review and discussion and departed the meeting.

7:30 pm

Approval of the minutes of the June 2021 meeting. Approved 3-0 (only 3 of the members present were also present at the June 2021 meeting)

Approval of the minutes of the November 29, 2022 meeting. Approved 5-0

Respectfully submitted,

Deborah Vogt

February 21, 2023

Attached:

Minutes of the June 7, 2022 meeting

Minutes of the Nov. 29, 2022 meeting

Peer Towns Memo

Wayland Draft FY 22 ACFR

Wayland Draft FY 22 ML