

Minutes approved by 3-0 vote of the Audit Committee on 2.22.21. Moore, Shigley and Curtin in favor.

**Audit Committee
Approved Minutes
Monday, November 30, 2020
4:00 p.m.
Wayland Town Building
Council on Aging Room
41 Cochituate Road, Wayland, MA**

Attendance: Randall Moore, Deborah Vogt, Klaus Shigley. Also attending Brian Keveny, Town of Wayland Finance Director, Alina Korsak, CPA, Principal, Melanson

Call to Order: After reviewing the special COVID public meeting protocols, the meeting was called to order by Chair Moore at 4:06 PM. The Chair reviewed the agenda and introduced the attendees.

Minutes: Klaus Shigley was assigned to take the minutes.

Review Consolidated Annual Financial Report (CAFR): Alina Korsak made a brief Power Point overview of the significant findings from the 2020 CAFR. The presentation included slides showing: General Fund Unassigned Fund Balances, Fund Balances as a percent of total Revenues, Budget vs. Actual, Bonds and Loans Payable, Net Pension Liabilities and Net OPEB Liabilities.

In the ensuing discussion, the following points were brought up:

Unassigned Fund Balances were 16.8% of General Revenues. The 3-year trend was for an increasing ratio. The metric used by Moody's for AAA ratings is for that percentage to be 30%.

Bonds and Loans payable were characterized as "manageable" by Moody's. Moreover, they are comfortably less than 100% of total revenues, which is the metric that the Town has chosen as an upper bound.

Moody's has commended the Town for "aggressive funding" of the OPEB Liability.

Review and Discuss 2020 Management Letter Draft: Ms. Korsak's Power Point also discussed the 2020 Management Letter.

The Management Letter included the following five elements:

1. Ensure Compliance with Uniform Guidance
2. Re-establish Timely Cash Reconciliations (Significant Deficiency)
3. Improve Controls Over Payroll
4. Transfer Funds on a Timely Basis
5. Ensure Motor Vehicle Bills are Issued Timely

The first 3 elements were raised in last year's report. The last two are new issues.

Timely cash reconciliation continues to be an issue. Some of it was caused by turnover.

There were two issues with payroll. They both related to the school payroll. There is continuing discussion on how best to staff for the payroll function to avoid these issues going forward.

The transfer of funds issue relates to a delay in moving the OPEB contribution to the OPEB fund. The OPEB contribution (\$514,000), which was recorded in the General Ledger in Oct. 2019, was not moved to the OPEB fund until Aug. 2020. Mr. Shigley pointed out that this delay could have significant financial impact because the contribution was held in a short-term account when it properly should have been invested in the OPEB investment fund. The investment policies for these two funds are completely different.

The issue of untimely issuance of motor vehicle bills resulted in a large increase in receivables on the financial statement. In the ensuing discussion, Mr. Moore commended the Town for facilitating online payments and asked whether the Town was prepared to go to paperless billing. Mr. Keveny thought the answer was no. Mr. Moore also suggested consolidating various bills to the same household as a means of saving money for the Town. Mr. Keveny did not see that as feasible in the near term.

Other Issues: Prior to the meeting, Mr. Shigley submitted a list of suggested edits to the 2020 CAFR. Mr. Moore asked how the Committee should proceed with a discussion of the issues raised in Mr. Shigley's report. More generally, what was the most efficient process for dealing with similar observations from other committee members relating to the 2020 CAFR. It was decided that all such observation should be sent to Seath Crandall, for distribution on the Committee's public web site, for discussion at a future meeting. Copies of such questions would also be shared with the authors of the CAFR. To the extent that some of the questions raised by the Committee were complicated, it would give time for well thought out responses.

Mr. Shigley suggested that the Committee schedule a meeting to discuss issues that might properly be included in the scope of the next audit. For example: Compliance with state laws relative to investment of cash, investment policy controls, risk management (insurance vs. self-insurance), etc. In addition, Mr. Shigley suggested that the meeting also consider defining/discussing the job description of the Audit Committee in Wayland. Mr. Shigley indicated that he would send out a report via Mr. Crandall that contained comparable mission statements for Audit Committees in neighboring towns.

Public Comment: N/A

Adjournment: Mr. Shigley moved to adjourn the meeting. Ms. Vogt seconded. Vote to adjourn 3-0. Meeting adjourned 5:40PM.

Attachments:

Agenda

Melanson Power Point presentation

11/25/2020 Draft CAFR

Shigley CAFR edits