

**Minutes
Town of Wayland
Audit Committee**

Date: May 9, 2016
Time: 7:00 pm
Place: Wayland Town Building

Members: Present – Chris Cullen, Paul Brennan, and Inna Kisseleva

Also present: Alina Korsak, CPA, Audit Manager with Town’s accounting firm,
MelansonHeath (‘MH’)
Brian Keveny, Town Finance Director

1. Call to order
 - a. The meeting was called to order at 7:10 pm by Chris Cullen
2. Assign minute taker
 - a. Inna Kisseleva
3. Public comment
 - a. None
4. Review of FY2016 audit plan and process with Alina.
 - a. Treasurer/Tax Collector’s Office
 - i. Brian Keveny joined the meeting at 7:40 pm and addressed AC’s questions regarding upcoming audit for FY2016.
 - b. Timing of the Audit:
 - i. Preliminary fieldwork started on May 9, 2016
 - ii. Fieldwork is to start on August 15, 2016
 - iii. Draft Financial Statements are to be provided by MH by October 31, 2016
 - iv. Final CAFR Financial Statements are to be released by MH on December 31, 2016.
 - c. MH takes responsibility for basic financial statements which are audited. Town prepares additional statistical and other CAFR required sections. Information prepared by the Town is not audited by MH.
 - i. Risk based audit approach.
 - ii. It was confirmed that no other services are to be performed by MH.
 - iii. Effectiveness of the internal control is to be tested during preliminary audit work.
 - iv. There are no plans to visit any specific location unless specific issues are brought up to MH’s attention. The audit new facilities – generally not included in preliminary audit work.
 - v. There was nothing brought up to MH’s attention in relation to known fraud risk factors.
 - d. Set tentative dates for the issuance of Draft Financial Statements.
 - i. The field work is scheduled to start on August 15, 2016.
 - ii. Alina clarified that given the timing of the field work draft financial statements can be available for AC’s review by October 31, 2016. AC

stressed out the need to have those prepared earlier to ensure submitting draft financial statement for the Board of Selectmen ('BOS') by middle of November.

- iii. It has been estimated that AC would need to hold a meeting on October 27, 2016. Therefore, the draft financial statements would need to be available for review by October 21, 2016 in order to have reasonable time to review those and compile relevant questions as well as publish AC Meeting Agenda latest by October 25, 2016.

e. Review of FY2016:

- i. Cash/banking transfer reconciliations
 - 1. The reconciliations are being completed timely and are prepared through March 2016, which was not the case last year. Last year cash reconciliations were completed by October 2015.
 - 2. \$30k variance relating to Middlesex Bank accounts is consistent with FYE 2015. The Treasurer asked for guidance on how to treat it.
- ii. Segregation of Duties.
 - 1. Segregation of duties within the Town's finance department – significant improvement in procedures. Related policies are defined.
- iii. Changes in Town's Treasury personnel.
 - 1. Turnover in personnel.
 - 2. UNIS implementation was included in 2018 budget, as new IT Directors just came on board.
- iv. School Department policies. School department presented a draft of Federal Grant Policy Accountability procedures – intention is to implement the best policy & procedures. A consultant was hired to reconcile school dept. revolving funds. Previous org. chart is being expanded in general ledger to allow to accounting for different segments/divisions.
- v. Use of outside consultants by Town's finance department: Waste Water Study, School Dept., and annual bond issue in March (Eastern Bank prepared schedules).
- vi. Significant Events
 - 1. March 2016 – refinancing of Town's debt to achieve lower interest rate, and issuance of new Bonds.
 - 2. OPEB funds were moved to different service provider.
- vii. Rating agencies' response to CAFR financial statements. Town's rating is AAA. Town received positive response from rating agencies.
- viii. Significant uses of cash.
 - 1. \$1.5m debt payoff in FYE 2018 – 2020
 - 2. Using current year revenue to pay current year expenses.
 - 3. GASB 45: 2 year comparative as of 12/31 2016, will apply to FYE 2017.
- ix. Pension/OPEB:
 - 1. Additional contributions

2. GASB 74 compliance report for FYE 2017 relating to OPEB plan – significant changes in financial statements
 3. GASB 68: disclosure will change for FYE 2016.
 - x. CAFR statistical information is 95% complete.
5. The discussion ended at 8:10 pm with Brian and Alina leaving the meeting.
6. Meeting Minutes
 - a. The minutes from AC's meeting on March 15, 2016 were not available for review at this time.
7. In wake of Paul Brennan's term on AC expiring on June 30, 2016, AC discussed Paul's previous contributions and responsibilities relating to operations of School Committee, including the fact that AC's scope of services is limited and prevents AC members to participate in School Committee affairs as representatives of AC. Discussion about submitting expanded scope of responsibilities and duties to the Board of Selectmen.
8. Next Meeting
 - a. Tentatively set for June 16, 2016 at 7 pm.
 - b. Topics include:
 - i. Review AC's school committee involvement.
 - ii. Review AC's charter to identify limitations of scope of responsibilities and propose necessary changes to enable AC to serve the Town as expected by the BOS
 - iii. Transitioning of school committee participation to new member of the AC.
 - iv. Review/amend/approve prior meetings' minutes.
9. Upon motion made, seconded and unanimously approved the meeting was adjourned at 8:25 pm. Vote: 3-0.

Documents

1. Communication letter to Audit Committee prepared by MelansonHeath.
2. FY16 Audit Plan prepared by MelansonHealth
3. Checklist of Potential Topics for Discussion at the Audit Planning Meeting