

Town of Wellesley, Massachusetts

Audit Committee

Minutes of Meeting held at 8:00 am, Nov. 4, 2013

In attendance: Michael Young (Chairman), Jack Haley, Ed Nelson, Alan Korpi and Joe Tierney (Members). In addition, Town Officials Hans Larsen, Sheryl Strother and Marc Waldman were in attendance, along with Michael Nelligan and James Powers, Partners in the firm of Powers & Sullivan, LLC and Todd Jurczyk, Manager in the firm, which is retained to perform the Audit of Town financial statements.

Mr. Young called the meeting to order. Mr. Young opened the Citizen Speak portion of the meeting and noted that there were no citizens who sought to speak.

The Minutes of the Sept. 11, 2013 meeting were approved by the Committee.

At Mr. Young's request, the representatives of Powers & Sullivan provided an update on the status of their work on the Fiscal Year 2013 Audit. The Audit Reports for the Municipal Light Plant (MLP) and the Wellesley Contributory Retirement System have been finalized and issued. The work on the Town of Wellesley financial statements is complete, pending comments from the Audit Committee. Powers & Sullivan is still working on the Management Letter. Powers & Sullivan will comment on several matters in the Management Letter, i.e., the efforts of the School Business office to improve business and cash management processes, the internal controls issues which have arisen related to the town parking meter cash collection and counting procedures and the relatively long time required to perform close out accounting and reconciliation for large town projects such as the High School construction.

Powers & Sullivan noted that the Audit report for FY 2013 will reflect some new disclosures in accordance with the issuance of several GASB pronouncements which are applicable for the first time in FY 2013.

There was discussion of some School Business Office matters, such as the procedures used by the office to log and process invoices and to refine its analysis of the cost of various programs which are designed to be "cost recovery" by charging the costs out to students. These matters will be addressed in the Powers & Sullivan Management Letter.

Updated information was provided regarding the procedures used by the contractors hired by the Town to count and deposit the cash recovered from the Town parking meters. In addition, there was discussion of the programs adopted by the Town to address the long term funding requirements for the Town's pension and health plan (OPEB) liabilities. Powers & Sullivan will provide commentary regarding both matters in the Management Letter.

There was discussion of various Town programs where cash is collected from individuals who are participating in the programs. Powers & Sullivan have reviewed certain of these programs, and report that, in general, appropriate controls are in place for the programs, but that improvements can be made.

Mr. Young and Committee members made a number of comments on the draft of the Town's financial statements (Comprehensive Annual Financial Report or CAFR). Powers & Sullivan will incorporate the comments in the final version of the Audited statements.

The Committee voted unanimously to approve the Town's financial statements as audited by Powers & Sullivan, pending inclusion of the matters commented upon during the meeting of Nov. 4, 2013 and final review by Chairman Young.

Mr. Young noted that he'll contact Committee members to set the date for the meeting with the Town Selectman to report on the FY 2013 Financial Statements.

Mr. Young opened the floor for the Citizens Speak portion of the meeting, and noted that no one was in attendance who wanted to address the Committee.

Mr. Young adjourned the meeting.