

**Town of Wellesley
Audit Committee
Meeting Minutes
Monday, May 18, 2020
Zoom Virtual Public Meeting**

Attendees: Members of the Audit Committee – Laura Ann McDonnell (Retiring Chair), Colette Aufranc (Appointed Chair/Retiring Secretary). Stephen St. Thomas (Retiring Member), Susan O’Shea (Appointed Secretary), Frank Manguso (Member), Peter Covo (New Member), and Allan Juwonoputro (New Member). Jim Powers (Partner) and Renee Davis (Partner) of Powers & Sullivan LLC (P&S). Sheryl Strother (Finance Director/CFO, Town of Wellesley), Meghan Jop (Executive Director of General Gov't Services, Town of Wellesley), Marc Waldman (Treasurer, Town of Wellesley), and Cynthia Mahr (Assistant Superintendent for Finance and Operations, Wellesley Public Schools).

Call to order and introductions:

Ms. McDonnell called the meeting to order at 4.05 p.m. Ms. McDonnell introduced Peter Covo and Allan Juwonoputro as two new members of the Audit Committee.

Citizen Speak:

Ms. McDonnell opened the Citizen Speak portion of the meeting and noted that there were no citizens present.

Review and approval of minutes:

Ms. McDonnell asked if there were comments on the previously circulated draft minutes from December 16, 2019 meeting of the Audit Committee, prepared by Ms. Aufranc. As there were no comments, a motion to approve the minutes was approved unanimously.

Nomination and Election of Officers:

Ms. McDonnell nominated Ms. Aufranc to be the Chair of the Audit Committee. Ms. Aufranc nominated Ms. O’Shea to be the Secretary of the Audit Committee. Ms. McDonnell and Mr. St. Thomas exited the Audit Committee Meeting.

Update from Management:

Ms. Strother noted that the Town of Wellesley budget process was being finalized and that a Budget Book, to the whole community, was available on the Town's Website. Ms. Strother noted that Annual Town Meeting had been postponed twice and is expected to be held on June 22nd pending a decision from the state on the ability to hold such meetings remotely.

Due to the Covid-19 pandemic shut down, it was necessary to revise the 2021 Town of Wellesley Budget. Ms. Strother noted that in revising the FY 2021 budget the following factors among others were considered: an anticipated reduction in state revenues, a decrease in new growth, a decrease in motor vehicle excise taxes and general building permit fees. Ms. Strother noted that the Town Hall Annex project had been deferred, and that a portion of the borrowing related to the construction of Wellesley High School was refinanced benefitting the town. Ms. Strother noted that incremental costs associated with the completion of the softball fields were being supported by Community Preservation Committee funds. Ms. Strother noted that the budget would be subject to potential adjustments in the fall when there is more certainty around any revenue reductions. Ms. Strother noted that reduce budgeted Cash Capital expenditure by 25%. The Advisory Committee will discuss the revised 2021 Budget, shortly, following final discussion by the Board of Selectman this evening.

Ms. Mahr updated the committee on the finalization of the Massachusetts Association of School Business Officials (MASBO) template Federal Grant Internal Control Manual as customized for WPS practices. Ms. Mahr noted that Attorney Tiffany Walters was scheduled to discuss changes in regulations affecting the grant manual but that this meeting is expected to be held online later in the summer and as a result the manual is not finalized.

Ms. Mahr noted that business office staff working remotely have been using their time to update documentation and create training materials including financial operations, MUNIS accounting system, DESE reporting, school lunches, new student registration and Kindergarten roundup, fund accounting and training to help onboard new School Committee members. Ms. Aufranc noted that this was

an excellent re direction of resources toward a goal identified by Ms. Mahr last year.

Ms. Mahr noted that School Committee recently voted a reduction in cash capital budget as discussed earlier and their policies for various fee refunds. Ms. Mahr noted that the school department projected a small surplus on this years' overall budget with some reductions in projected Special Education costs. Ms. Mahr noted that CARES Act funds of around \$120,000 are expected to be made available in FY 20 or 21. Ms. Mahr has also stated that there has been an investment in video to support the Remote Learning initiative.

Ms. Jop discussed the status of the Town of Wellesley Union Contracts. The Town is currently bargaining eight Union Contracts. Due to the Covid-19 shut down, four contracts will be settled at the Annual Town Meeting in June 2020 and four contracts will be settled at a Special Town Meeting in the fall.

Ms. Strother noted the Healthcare contract expires at the close of fiscal 2021 and negotiations for a new contract will begin in the Fall 2020. The renegotiation will impact the 2022 Budget.

Finally, Ms. Strother noted all Full Time and Part Time regularly scheduled employees have been retained by the Town of Wellesley; however, there has been an increase in unemployment claims. Ms. Aufranc asked Ms. Strother to clarify this statement. Ms. Strother noted the claims have largely come from substitute teachers and previous employees, severed by their current employers, filing unemployment claims under the Town of Wellesley.

Mr. Waldman noted that Real Estate Tax payments have been postponed until June 1, 2020. At the time the payments were postponed, the Town of Wellesley had already received all payments from major escrow companies. It was noted that the Real Estate Tax payments due in August 2020 may be impacted. Mr. Waldman also noted that the Motor Vehicle Excise Tax payments were due prior to the Covid-19 shut down so there was no impact to the Town's revenue for Excise Tax. Lastly, Mr. Waldman noted that both Online & In Person payments have not slowed for FY20.

FY20 Audit Plan, Timing and Impact of remote work/testing – Powers & Sullivan

Ms. Davis reviewed the Town of Wellesley 2020 Audit Plan presentation. Besides Financial Statement preparation and the CAFR, the Audit covers the Town's compliance with Federal Grants largely received by the School Department. Mr. Powers spent some time educating the Audit Committee about the CARES Act, FEMA funding, the relationship to current and future Covid-19 expenditures, e.g. plexiglass, PPE, sanitizer, etc., and the acceptable uses of these funds.

Ms. Strother noted that any funding expended to date as a result of the COVID crisis were identified as such in MUNIS. Ms. Strother noted that the Department of Local Services are issuing pending guidance for accounting for COVID related expenditures and were expected to clarify reimbursement protocol between various sources (MEMA, FEMA, CARES Act etc.). Ms. Davis encouraged "pre audit" discussions of expenses and classification for CARES act compliance. Powers & Sullivan have already begun the audit and have been testing remotely. Ms. Davis commented that the Town employees and the P&S team have been working together, remotely, without issue. Ms. Davis noted, remote testing at the School Department that the Retirement Plan audit was underway. Ms. Davis noted that P&S were planning a July inventory with the Wellesley Municipal Light Plant bearing in mind safety for all. Ms. Davis noted P&S have the ability to do almost all work remotely but would like to be back on site for phase three work.

Identification of Areas of Focus

Ms. O'Shea asked about the audit timing of the Council on Aging. The Council on Aging (COA) is closed. Ms. Strother noted the search for a permanent director for the COA has not been finalized. The committee discussed whether it would be more effective to wait until a permanent Director was in place and had a chance to review and make changes to policies and procedures before conducting a final audit review. Ms Aufranc asked Ms Strother about the possibility of funding for a Cyber and Data security audit as previously discussed. The committee discussed that with current fiscal constraints funding may not be imminent. The committee decided it would be prudent to write to the Board of Selectmen with respect to the COA and the cyber and data security audit and to seek their feedback. Ms. Aufranc was asked to draft a letter for submission to the Board of Selectmen through Ms. Strother.

The committee discussed directing additional audit focus to compliance with reimbursement funding associated with the COVID crisis, for example the CARES Act requirements. The committee also discussed with Ms. Mahr compliance with utilizing DESE funds and reimbursement of senior student activity funds, as large events like prom have essentially been cancelled.

Ms. O'Shea asked if there would be any impact on audit fees as a result of remote working and additional testing for compliance with relief funds received by the Town of Wellesley. Ms. Davis noted that the fee was a fixed fee for service and no change was anticipated.

Meeting Schedule for 2020

All Audit Committee Meetings will begin at 4pm with the exception of the December 2020 meeting. The Location is yet to be determined and will be announced as the dates approach.

- September 21, 2020
 - 1.) Review the Retirement Plan Financial Statements
 - 2.) Review the WMLP Financial Statements
 - 3.) The DESE Agreed Upon Procedures Report
- October 19, 2020
 - 1.) Review the Comprehensive Annual Financial Report (CAFR)
 - 2.) Comprehensive Annual Financial Report (CAFR) to be available for distribution to the committee on 10/15
- November 2, 2020
 - 1.) Final Review and Approval of the Comprehensive Annual Financial Report (CAFR)
 - 2.) Review of the Compliance Report on Federal Awards (SEFA),
 - 3.) Review of the School End-of-Year Financial Report
 - 4.) Discuss Management Letter, discuss presentation to the Board of Selectman in December
- December TBD – Board of Selection Meeting presentation

Motion to Adjourn

Ms. O'Shea made a motion to adjourn the meeting at 6:00p.m., which was approved unanimously.