

**Town of Wellesley
Audit Committee
Meeting Minutes
Monday, November 2, 2020
Zoom Virtual Public Meeting**

Attendees: Members of the Audit Committee (“Committee”) –, Susan O’Shea (Chair), Peter Covo (Secretary), Allan Juwonoputro and Frank Pinto. Colette Aufranc (Board of Selectmen), James Powers (Partner), Renee Davis (Partner) and Kaitlin Langlais of Powers & Sullivan LLC (P&S). Sheryl Strother (Finance Director/CFO, Town of Wellesley), Shawn Baker (Wellesley Advisory Committee), Dave Cohen (Director, Public Works), Jeff Azano-Brown (Assistant Director, Public Works), Ellen Koorpi (Chair, Board of Public Works), Meghan Jop (Executive Director of General Government Services, Town of Wellesley).

Call to order and introductions:

Ms. O’Shea called the meeting to order at 4:09 p.m.

Citizen Speak:

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

Review and approval of minutes:

Ms. O’Shea asked if there were comments on the previously circulated draft minutes for the September 21, 2020 and October 19, 2020 Audit Committee meetings prepared by Mr. Covo. As there were no further comments, a motion to approve the minutes for both meetings was approved unanimously.

Kingsley Matter:

Ms. O’Shea opened the Kingsley grievance for further discussion. The Committee invited Ms. Koorpi (Chair), Mr. Cohen (Director) and Mr. Azano-Brown (Assistant Director) of Public Works (“BOPW”) to attend the meeting, participate in the discussion, and answer any questions. Prior to the meeting, members of the Committee had the opportunity to view recordings of the DPW Committee Meetings and the Kingsley grievance discussion. Ms. Strother explained to the Committee that the DOPW was one of three enterprise funds in the Town. She went on to comment that a Committee was being formed led by the BOPW to

discuss how to proceed and to perform an internal analysis to ascertain if there was any need to true up differences.

Mr. Juwonoputro asked what the Committee was charged with for the grievance. Ms. O'Shea stated that the Committee was being asked to review: (1) can a like-kind comparison be made between the grievance and Town's financial statements; (2) are there any additional procedures needed or suggested changes to existing procedures; (3) can a standard approach for review be utilized going forward; (4) recommendation if there should be further review of the grievance. Ms. Aufranc added that the Board of Selectmen were asking for the Committee to report to them on GNE "work for others" and if the current approach was reasonable, if there were documented policies, what other communities do and if a written policy was recommended.

Mr. Juwonoputro commented that it appears that the grievance is asking for accountability. He then asked if there was motivation by the BOPW to be efficient and keep costs low; if there should be a better rate charged for work performed for other Town departments; if there were areas for improvement, if there should be a manual assessment performed regularly and how that could be reported. Ms. Koorpi stated that the BOPW was currently performing an analysis of the grievance and that the early findings were not supportive of the grievance. Ms. Koorpi together with Mr. Cohen explained: (1) the BOPW currently has a system of checks and balances; (2) the BOPW performs work for other Town departments such as the Water and Sewer Department that the grievance does not take into account; (3) the Commonwealth recommends a yearly review of policies regarding enterprise funds; and (4) that FERC guidelines would control. Mr. Powers stated that yearly reviews are left up to the Town (self-policing) and that the Town could explore ways to expand transparency. Ms. O'Shea asked if new methodologies should be used and that there was a need to establish an audit policy if one did not exist.

At 5:08 p.m. Ms. O'Shea moved the Kingsley Matter forward for further discussion and excused Mr. Cohen, Mr. Azano-Brown and Ms. Koorpi from the meeting.

CAFR Review

Ms. O'Shea stated that the Committee would meet for 45 minutes to an hour before the December Meeting with the Board of Selectmen to approve the final CAFR and the presentation slides. Ms. O'Shea then opened the meeting for discussion of the CAFR.

Mr. Pinto asked about the awards and recognitions on Page 7 and how many communities get these awards. Mr. Powers stated that the Town is one out of about 30 that gets this recognition from the Commonwealth.

Ms. Davis commented that all that was needed for the CAFR was the free cash number that is traditionally released at the last minute. Ms. O'Shea asked that a final electronic version be sent to the Committee prior to the next meeting and asked that the focus be on MDNA and free cash flows. Ms. Strother offered to elaborate on any questions asked by the Committee if necessary. There being no further questions or discussions, Ms. O'Shea moved to approve the CAFR subject to the remaining small edits mentioned by Ms. Davis. Mr. Covo seconded and the Committee approved unanimously.

Other Business

Ms. Davis commented on the schedule for Federal Awards Management Letter and has responses prepared. She further stated that a single audit report had made no findings but was not final until the CARES Act funds for school lunches arrived and new guidelines from the Federal Government were issued. She will send out a draft for review.

The Committee also discussed that the contract with P&S was expiring after this year (original contract was 3 years with 2 option periods) 2 one-year options: the Town can exercise either next year only (FY21) or the next two years (FY21-22) at the current fee structure; OR authorize a new engagement letter for FY 2021, 2022, and 2023 at the current fee structure with 2 one-year optional years for FY2024 and 2025 at a modest 2.5% fee increase. There will be further CARES audits going forward. Ms. O'Shea directed that this be an agenda item at the next meeting. Mr. Powers would send out a copy of the engagement letter.

Mr. Pinto made comments regarding the employee turnover concerns at the Council On Aging (COA). Powers & Sullivan mentioned there is a pending audit of

written processes and a review of internal controls that had been delayed due to the turnover. Ms. Strother discussed the hiring of new leadership at COA. Ms. O'Shea noted that the Committee and P&S should revisit the timing of the audit in 2021 once the new leadership is in place and they have an opportunity to evaluate the current policies & procedures.

Ms. Strother announced the retirement of the Town Treasurer, Marc Waldman, and the Payroll Manager, Jeanne McGrath. Rachel Lopes was announced as Marc Waldman's replacement. There will be a job posted for the Payroll Manager position.

Meeting Schedule for 2020

All Audit Committee Meetings will begin at 4pm with the exception of the December 7, 2020 meeting.

- December 7, 2020 @ 6:30p – Audit Committee presentation to the Board of Selection Meeting
 - Audit Committee to meet for 30 minutes prior to meeting the and 30 minutes after the meeeting;
 - Review the MD&A, Free Cash Flow, and minor edits to the CAFR
 - Review Audit Committee slide deck
 - Review P&S slide deck
 - Extension of P&S contract.

Motion to Adjourn

Ms. O'Shea made a motion to adjourn the meeting at 5:47 p.m., which seconded by was Mr. Juwonoputro and approved unanimously.