

Town of Wellesley, Massachusetts
Audit Committee
Minutes of Meeting held at 11:45 am, January 23, 2018
Juliani Room, Wellesley Town Hall

In attendance: Audit Committee members Larry Petzing (Chair), Peter Cory (Secretary), Phil Laughlin, Laura Ann McDonnell, and Stephen St. Thomas, and Sheryl Strother, Finance Director, Town of Wellesley. Attending for a portion of the meeting: Scott McIntire, Partner and proposed Engagement Officer, and Alina Korsak, proposed Audit Manager, from Melanson Heath, an accounting and auditing firm based in Andover, MA and Nashua, NH. Also attending for a portion of the meeting: James Powers, current and proposed Engagement Partner, Renee Davis, proposed On-Site Partner, and Kyle Warne, Audit Manager, from Powers & Sullivan of Wakefield, MA (the current provider of financial audit services to the Town of Wellesley).

Mr. Petzing called the meeting to order at 11:50 a.m., opened the Citizen Speak portion of the meeting, and noted that there were no citizens present. Mr. Petzing then asked Audit Committee members if there were comments on the draft minutes of the Audit Committee meeting held on January 8, 2018, previously circulated by Mr. Cory. There were none, and a motion to approve the minutes was approved unanimously.

Mr. Petzing then asked Ms. Strother to invite the representatives from Melanson Heath into the room. Following introductions, and apologies for Edward Boyd's absence due to illness, the team from Melanson Heath circulated presentation materials. Mr. Petzing invited Mr. McIntire to provide a brief overview of the firm and the proposed engagement team, and then asked several questions about the firm's size and growth and its management of growth. Mr. Scott discussed the firm's recent and very favourable experience with hiring a national consulting firm to review the firm's structure and organization following a recent acquisition. Other questions related to client loads, attendance at AC meetings, roles of the various engagement team members, etc. The Committee's questions and the conversation then moved to Melanson Heath's prior experience, if any, in replacing other firms after long-term engagements with a client, how the first year or two of a new engagement is managed, and what the benefits of their 'fresh look' at the Town's financials might be. Mr. Petzing also asked about the firm's approach to the CAFR review. Both Mr. Scott and Ms. Korsak participated actively in this discussion. Mr. Petzing then thanked them for their participation in the search, and in the meeting, and excused them from the meeting.

Mr. Petzing then asked Ms. Strother to invite the representatives from Powers & Sullivan into the room. Following introductions, the team from Powers & Sullivan also circulated presentation materials. Mr. Powers noted that his firm had changed the engagement teams working with the firm's clients in the past, and he reviewed how they expected the new team would work with the Town, and the benefits that the Town should enjoy from staying with the same firm while utilizing a new engagement team and the team's "fresh look." Ms. Davis indicated that the new team's approach would be to initiate the engagement in the same way as for a totally new client, elaborating with examples; Mr. Petzing raised the possibility of revisiting WPS processes and controls. Mr. Petzing and Committee members also asked about the firm's structure, client turnover/growth, the engagement team professionals client loads, on-site time allocations, and business/work-load scheduling over the course of the year. Ms. Davis was also asked to discuss her work style and compare to that of Mr. Nelligan, the Town's current on-site Partner, and to address her approach to the CAFR review and the Management Discussion and Analysis. After brief closing comments from Mr. Powers and Ms. Davis, Mr. Petzing thanked the Powers & Sullivan team for their participation and excused them from the meeting.

Mr. Petzing then opened the meeting for discussion. Each Committee member provided a summary of his/her impression of the two firms' proposals and presentations, and of the strengths and weaknesses of the firms and their engagement teams. Ms. Strother reviewed her contacts with client references for the two firms. In the end, all Committee members felt that while both firms were highly qualified, with very favourable reputations and references, Melanson Heath had not made a sufficiently compelling case for switching firms - particularly given the change in the engagement team proposed by Powers & Sullivan, and the case that they were able to make regarding this route for capturing the benefits of a 'fresh look' at the Town's financials and its processes and controls. A motion to appoint Powers & Sullivan for a new three-year engagement as the Town's provider of independent auditing services (with the option of two one-year renewals) was moved by Mr. Laughlin, seconded by Mr. Cory, and approved unanimously by the Committee.

The Committee then discussed with Ms. Strother approaching the Town's Executive Director, and the MLP and Wellesley Contributory Retirement System, to discuss the Committee's decision, and also communicating the decision to all of the candidate firms.

Mr. Petzing then proposed that a Committee meeting be scheduled for late April or very early May to begin planning for the FY2018 audit, and to discuss changes in Committee membership and officers for the coming year.

A motion to adjourn the meeting was then approved unanimously, at 2:00 pm.

Peter Cory, Secretary, January 25, 2018