

**Town of Wellesley
Audit Committee
Meeting Minutes
Monday, September 16, 2019
Wellesley Town Hall, Great Hall**

Attendees: Members of the Audit Committee - Laura Ann McDonnell (Chair) Colette Aufranc (Secretary), Stephen St. Thomas (member) Susan O'Shea (member) and Frank Manguso (member). Renee Davis (partner) and Kyle Warne (manager) of Powers & Sullivan LLC, Meghan Jop (Executive Director of General Government Services, Town of Wellesley), Sheryl Strother (Finance Director/CFO, Town of Wellesley) Mark Waldman (Treasurer, Town of Wellesley), Lynn Whynot (Retirement Administrator, Town of Wellesley) and Cindy Mahr (Assistant Superintendent of Finance and Operations, Wellesley Public Schools).

Call to order and introductions

Ms. McDonnell called the meeting to order at 4.01 p.m.

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 of the May 6, 2019 meeting of the Audit Committee, prepared by Ms. Aufranc. Two minor changes were suggested, and a motion to approve the minutes, as modified, was approved unanimously. Ms. Strother asked that Ms. Aufranc forward minutes to her for posting in due course.

MLP Financial Statements

Ms. McDonnell noted that P&S were waiting the Other Post Employment Benefits (OPEB) report from the actuary and, as a result, the MLP financial statements would not be reviewed at this meeting but would be discussed at the next Audit Committee meeting.

Retirement Plan Financial Statements

Ms. Davis discussed the progress of the audit of the Retirement Plan financial statements noting that most detailed testing was conducted in Spring and finished in July. Ms. Davis noted that the information in this report would be used to perform the next actuarial valuation of 1.1.2019, underscoring the importance of the report for determining the unfunded liability and the setting of the funding schedule. To date the audit has not identified any findings to report and is considered “clean”.

Ms. Davis noted that the Public Employee Retirement Administration Commission (PERAC) would typically also conduct an audit every 3 years or so. Understaffing at PERAC has made it difficult to keep to this 3 year audit cycle. P&S have been working with PERAC to ensure testing work is not duplicated between P&S and PERAC. PERAC have agreed to accept the work performed by independent auditors - P&S will share working papers with PERAC where necessary. In this way PERAC can refine the work they will be doing with the goal of getting back on schedule.

Ms. Davis then walked through the Retirement Plan draft financial statements with the audit committee addressing questions on the funding ratio and timetable, the discount rate and the process for bidding out the fund valuation.

Update from School Business Office

Ms. Mahr introduced herself to the audit committee noting that she joined Wellesley Public Schools (WPS) staff in July, 2018 after spending 12 years in the business office at Weston Public Schools and prior to that 5 years in Brookline Public Schools.

Ms. Mahr noted that in December 2018/January 2019 she utilized an online Internal Control self assessment tool to obtain feedback from all staff (anonymously) to identify areas for improvement. Ms. Mahr was happy to note she received 100% returns from staff members. Lack of formal documentation of policies was consistently identified as an area for improvement. Ms. Mahr noted that Superintendent Lussier has stated that having written policies within the business office as a goal for the year. Ms. Mahr shared an example of a policy document with the Audit Committee.

Ms. Mahr noted that she was in the process of rolling out MUNIS (the town’s business process management software) to WPS managers (e.g principals) so that they may be able to see, on a timely basis, the status of their spending vs budget.

Ms. Mahr noted that she was close to finalization of the Massachusetts Association of School Business Officials (MASBO) template Federal Grant Internal Control Manual as customized for WPS practices. P&S will review the final document and report back to the Audit Committee at our next meeting.

Finally Ms. Mahr and Ms. Davis discussed the Agreed Upon Procedures Report, conducted in accordance with the requirements of Massachusetts Department of Elementary and Secondary Education (DESE). The report notes one matter of non compliance identified during testing which was subsequently corrected. In context, this matter was considered minor.

Overall Update from Management

Ms. Strother and Ms. Jop presented an update from Management noting that the recent Board of Selectmen (BOS) meeting discussed the Town's strong financial position in 2019. Revenues are over budget. Expenses were below budget. The Town continues to contribute to reserves. The BOS is considering appropriate actions with respect to reserves and borrowing.

Update on Audit

Ms. Davis noted that end of year fieldwork was going smoothly and work was on schedule with the exception of the pending OPEB report from the Actuary. Ms. Davis noted that work is yet to be conducted at the Council on Aging/Senior Center (as requested by the Audit Committee due to the growth in activities). At this point there are no Management Letter Points to discuss.

The committee discussed the desire to schedule an additional Audit Committee meeting on 10.17.19 at 4pm (location TBD) to discuss the following:

- Municipal Light Plant Financial statements with MLP staff in attendance
- Results of testing at the Council on Aging/Senior Center
- Results of reviewing WPS Business office MASBO Federal Grant Internal Controls Manual as customized for WPS
- Any Management Letter Points resulting from P&S audit

Remaining Meeting Schedule for 2019

After discussion the following meeting schedule was agreed:

- Thursday, 10/17/19 4pm - topics as noted above
- Monday, 10/21/19 4pm - to discuss the draft CAFR

- Monday, 12/16/2019 (changed from 12/9/19 to accommodate Town Meeting)
5.30pm to sign off on the final CAFR and then meet with the Board of Selectmen
approx 6.30pm

Other business

None.

Motion to adjourn

Ms. McDonnell made a motion to adjourn the meeting at 5:35 p.m., which was approved unanimously.

Respectfully submitted, Colette Aufranc