

**Town of Wellesley
Audit Committee
Meeting Minutes
Monday, October 19, 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), Marc Waldman (Treasurer, Town of Wellesley), Shawn Baker (Wellesley Advisory Committee).

Call to order and introductions:

Ms. O’Shea called the meeting to order at 4:04 p.m. Ms. O’Shea introduced Frank Pinto as a new member of the Committee to replace Ms. Aufranc. Ms. O’Shea stated that Mr. Mancuso had resigned from the Committee.

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 stated that the Minutes for the September 21, 2020 meeting would be circulated and approved at the meeting on November 2, 2020.

Kingsley Matter:

Ms. O’Shea reported a grievance made by Mr. Kingsley concerning the ‘work for others’ allocation of general & administrative expenses from the DPW to the Water & Sewer department equating to around \$3 million. Ms. Strother stated that the DPW is working on an analysis to provide an ‘apples-to-apples’ comparison among the Town’s Departments as well as a comparison to similar surrounding Towns. The intent is to ascertain whether the Town has been overcharging ‘rate payers’ and undercharging the ‘tax payers’ and to determine whether there is any substance to the grievance. Mr. Pinto stated that there is a need to complete the ‘apples-to-apples comparison with the analysis presented by the grievance; specifically noting that even if a separate utility were created, as

called for in the grievance, there would still be general & administrative expenses required. Ms. Aufranc asked that the Committee look into and discuss: (1) whether or not there is a standard methodology of charging general & administrative expenses for 'work for others' between Town Departments; and (2) whether or not there is the existence of policies and procedures that can be audited. Ms. O'Shea moved the matter to the next meeting for further discussion.

Update from Management:

Ms. Strother updated the Committee on the 2022 budget process, meetings with the School Department and guidelines set by the Board of Selectmen. She noted that they were anticipating a difficult year in 2022. Ms. Strother also reported that there has been massive amounts of unemployment fraud in the Town. She further reported that a second round of CARES funds had been received with the Board of Selectmen putting most of those funds towards the schools for remote learning, cleaning and PPE and the balance of the funds being distributed amongst the other Town departments.

Ms. Strother stated that they were looking to hire a new payroll manager, as the current employee was nearing retirement. She also stated that Mr. Waldman would be retiring on November 24, 2020 and that a replacement had been found and being trained by him to take over the position. The Committee asked if credit checks were performed for new employees as a prudent step before hiring. Mr. Pinto asked if payroll could be outsourced and if other municipalities were doing this. Ms. Strother stated that there really was no savings to outsourcing and that it was more efficient to keep things in-house. Mr. Juwonoputro stated that this was a good time to explore if outsourcing was an option since a change was being made. Ms. Strother and Mr. Waldman both stated that they were very involved in the hiring process and that employees had been cross-trained. Ms. Strother mentioned that cybersecurity is also an issue with outsourcing.

CAFR Review – Powers and Sullivan

Ms. Davis presented the CAFR to the Committee giving an overview of its various aspects. She reported that there were no review issues for 2020 and that taxes were on target. Ms. Davis noted that there was \$1.3 million not used by the schools that was returned and will be moved forward for an anticipated shortfall in 2021 and 2022. Ms. Davis stated that CARES funds had to be used before the

end of the calendar year and could not be used for the remainder of the school year.

Ms. Davis then reviewed revenues and expenditures and reported that receipt of \$413,000 in COVID relief. She noted that if additional COVID relief funds were received then it would become a major fund and be separated into a separate column on the report but would not change how it would be audited. Mr. Powers stated that the repairs to Town Hall were also included under expenditures.

Ms. Davis then reviewed accounting standards and how they are moving towards funding OPED liabilities. She stated that the Town was ahead on this with \$77 million set aside. Mr. Powers then explained how this correlated with the Pension Fund.

Ms. Davis then reviewed OPED and the Fiduciary Fund Financial Statements (business type activities such as electric/light & water/sewer) and then followed up with a review of the Notes contained on the report.

Ms. O'Shea asked that the Committee further review the CAFR and send questions to P&S before the next meeting.

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.

- 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 6:23 p.m., which was approved unanimously.