

**Town of Middletown Springs**  
**Auditors' Meeting Minutes**  
**October 30, 2012 - 1:00 PM**  
*Approved 11/20/12*

**Auditors present:** Juanita Burch-Clay (Nita), James Georg (Jim), Jacqueline Parker (Jackie)

**Public present:** Laura Castle

*1. Organizational actions:*

- a. Nita was appointed chair/secretary.
- b. The auditors adopted the practice of holding informal work sessions separate from formal meetings.
- c. The next formal meeting dates are Nov 20, 2012 and Dec 10, 2012 at 1:00 in the Town Office.

*2. Reports on progress of internal control questionnaire (ICQ) and audit checklist (AC)*

- a. Jim has been reviewing fixed assets, bonds, liability, and insurance. He expressed concerns about lack of clear procedures for claims, which might nullify coverage. He had questions about certain town assets and coverage related to them. And he was worried about pollution liability.

Action: Jim will continue work in this area, looking for more details and checking for accuracy. He will ask select board members for information in specific areas, and he will contact the VLCT for general support.

- b. Nita met with the town treasurer (Jenny Talke Munyak) to review the auditors' Internal Control Questionnaire (ICQ). After reviewing the ICQ, priorities are:
  - i. Development of a procedures and policies manual for various areas of town financial operations
  - ii. Development of fixed assets inventory and review of insurance policies and coverage.
  - iii. Updating of financial operations to take advantage of electronic technology: including use of financial software for payroll, check writing, and reporting.
  - iv. Protection of records from fire, theft, and other dangers.
  - v. Clarity and controls on purchasing and payroll procedures.
- c. Jackie will review minutes of town and select board meetings, as part of the audit checklist (AC), with the above priorities in mind.

*3. Discussion of concerns and priorities:*

- a. The first priority of the auditors is to complete the FY12 audit and town report on time. They expect the auditors' training in Nov. will give good guidance in this area.
- b. An overall concern is the need for clear procedures and policies in multiple areas.
- c. An immediate concern is the amount of work done by hand in the treasurer's job, which is an inefficient use of human resources. Appropriate software is needed as soon as possible.
- d. Also needing immediate review is how many and what kind of monthly financial reports are needed. The auditors feel that there are currently too many reports printed and wonder if some are redundant.

Action: Jim will meet with Jenny to develop a recommendation for which reports should be printed for monthly select board review, as well as schedules for other reporting.

- e. Purchasing and payroll procedures, including the bidding process, need attention.
  - f. Assets, liabilities and insurance coverage are being reviewed by Jim.
  - g. Protection of files remains a priority.
  - h. The auditors are interested in the select board's response to the independent auditor's report last spring.
4. The auditors' responsibilities with regard to the annual report were briefly discussed.
- a. We are committed to providing an accurate and timely report.
5. Next actions:
- a. The auditors continue with their individual work, as reported above.
  - b. All three auditors will attend VLCT auditor training in Montpelier, Nov. 14, 2012
  - c. Auditors will submit hours worked on a monthly basis, as a model for best practice. It was agreed that auditors who are volunteering their time will also report hours so that the actual time needed to do the job will be recognized. Given the scope of the job, including training, responding to the independent auditor's report, and the consequent deep review of the town's financial condition, we expect the hours to exceed previous years' work.
  - d. The next informal work session will be the Nov. 14 training.

Adjourned: 3:08

Minutes submitted by Juanita Burch-Clay, 10/30/12