

Middletown Springs Auditors Meeting

August 28, 2019 – 7:30 PM

Middletown Springs Town Office

Approved Minutes

Auditors present: Melissa Chesnut-Tangerman, Sarah Grimm, Juanita Burch-Clay (Nita).

Call to order: 7:43

1. Minutes:

- Minutes from the June 26, 2019 meeting were revised and approved.

2. Agenda review and adjustment: The agenda includes

- Review of the external audit report and any actions taken during the summer
- Updates on town trust funds, select board meetings, and other business.
- Plans for review of treasurer's report of FY19

3. Updates

- The Public Monies trustees are still having difficulties with the bank. Very frustrating.
- Select Board information (Sarah)
- Treasurer worked on tax rate and tax bills. Working on a procedures manual. Tried to get a signed and dated copy of town meeting vote results without success.

4. External audit report from Sullivan, Powers

There are two documents from the external auditors. One is the "Audit Report" for Fiscal Year 2018. The other is a letter with "Schedule of Deficiencies in Internal Control and Other Recommendations."

- Of the items in the "deficiencies in internal controls" -
- Most important ("material deficiencies") are
 - 1. Segregation of Duties-Cash - Concern about the same person signing checks and reconciling the statements.
 - 2. Transfer Station Revenues – internal controls need to be in place for handling cash and receipts
- Less important ("significant deficiencies") are the following Items (which can be addressed by the treasurer):
 - 3. Netting Revenues and Expenditures
 - 4. Authorization of General Journal Entries -
 - 5. Investments – should be recorded at cost to conform to modified cash basis of accounting (not at current value)
 - 6. Accounting Manual
- Other recommendations made regarding
 - Fraud policy
 - Fraud Risk Assessment
 - Investment and Banking Policy
 - Bank Reconciliations – recommendation to use NEMRC for reconciliations
 - Cash Register – we find that a cash register would cost between \$100-\$300 (Casio or Sharp)
 - Documentation of Internal Control System – related to the internal controls and policies mentioned above
 - Time Sheet Approval
 - Reconciliation of Library Bank Statements
 - Procurement Policy

- Uniform Guidance Policies
- Library Funds
- Library Invoices
- Incomplete Accounting System – need to add town trust fund info to general ledger.

First things that the auditors might like to do

- Follow up with bank reconciliations – how can this be arranged? Auditor? Assistant Treasurer? Another person? Paid? We will ask the treasurer for input.
- Revisit our document of internal controls in light of the audit report. The auditors (aka Nita) are in a position to review, communicate and educate the SB and/or public with regard to the importance of internal controls. Possibly a workshop or presentation or series.
- Follow up on work with town trust funds.
- Check in with town officials on progress being made – eg. policies, manuals, cash handling, transfer station, cash register, etc.

5. Information for End of FY19 (From June minutes)

The Treasurer's upcoming tasks include:

- Bank reconciliation by mid-July.
- Money gets shifted to reserve accounts. This year, they will be documented differently. Moves of funds will need to be reviewed in the interest of better transparency. Jenny will set up a system for authorizing journal entries and changes.
- Late August/Early September – we'll have the FY19 data for auditor review.

6. Next Steps

- Wait for treasurer to close FY19 account and review. (September meeting).
- Start work on the FY19 auditor report. Nita will prepare the template and start the report before the October meeting.
- Funds - Revisit Milk Fund. Check on Public Monies
- Ask the treasurer
 - Which "deficiencies" have already been addressed
 - About ideas for bank reconciliation by someone else
 - Share VLCT notes with treasurer
 - Status of the two preservation reserve funds

7. Future Meetings and Events:

- Auditors Meetings at 7:30 PM – September 25, 2019, October 23, 2019, November 20, 2019 (3rd Wednesday of November).
- Work sessions may be scheduled for FY19 research and review

Meeting adjourned: 9:01 PM

Minutes submitted by Juanita Burch-Clay