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VICE CHAIR
GERALD BOSAK, JR.
RICHARD FREEDMAN
SAL GABRIELE
DUDLEY N.WILLIAMS
TEL: (203) 977-4699

BOARD OF FINANCE

STAMFORD GOVERNMENT CENTER
888 WASHINGTON BOULEVARD
P.O. BOX 10152
STAMFORD, CONNECTICUT 06904-2152

January 23, 2015

REPORT OF AUDIT COMMITTEE MEETING OF THE BOARD OF FINANCE

ATTENDEES: COMMITTEE CHAIR RICHARD FREEDMAN, COMMITTEE MEMBER GERALD BOSAK, JR. & BOARD OF FINANCE MEMBERS DUDLEY N. WILLIAMS & SAL GABRIELE. ALSO IN ATTENDANCE WERE CONTROLLER DAVID YANIK, & BLUM SHAPIRO AUDITORS JOSEPH KASK, GERALD PARADIS & NIKOLETA MCTIGUE

Chairman Freedman submitted the following report after the meeting:

AGENDA

Review: CAFR for FY ended June 30, 2014: Chairman Freedman opened the meeting at 6:30 PM stating its purpose as review of the CAFR for Fiscal Year Ended June 30, 2014. Blum, Shapiro & Company P.C. ("Blum") representatives Joseph Kask (Engagement Partner – City & WPCA), Gerald Paradis (Engagement Partner – BOE & Single Audit), and Nikoleta McTigue (Senior Principal & day-to-day Field Work Manager) addressed the Committee. Issues addressed included items which delayed the completion of the audit which were a) delays by the Fire and Police Pension Trust representatives in providing financial information to the Actuaries required for their Pension Liability calculations; and; b) problems encountered with the Tax Collector's Office in reconciling, analyzing, and adjusting certain tax related accounts. These items resulting in the rescheduling of the CAFR review with the Audit Committee and in a significant deficiency cited as Audit Readiness.

The Committee addressed execution of the audit and their expectations regarding this first year on the engagement and certain aspects of building their work paper files, establishing relationship with City representatives, and understanding certain City of Stamford specific aspects of the financial reporting process. They reviewed the items that remained to be completed (see attached outline) and walked the committee through the various schedules in the draft CAFR, the financial results, how the City compared to other municipalities with respect to certain items (pension and OPEB funding), and changes made from the prior year's audit report. They indicated that they were confident that with the City's cooperation, the CAFR would be filed by extended due date of January 31, 2015.
As follow-up points, Mr. Freedman asked for additional information on low income housing loans and Mr. Gabriele asked for information regarding Internal Service Fund claims payable and the reporting of employee benefits expenditures.

The Audit Committee of the Board of Finance conducted a meeting for the above stated purpose at the Stamford Government Center on Thursday, January 22, 2015 from 6:30 to 8:15 PM.

City of Stamford
Audit Committee
January 22, 2015

- **Audit Management**
  - Joseph Kask, Relationship Partner – City, WPCA
  - Gerald Paradis, Engagement Partner – BOE and Single Audit
  - Nikoleta McTigue, Engagement Partner – All
  - Lisa Walsh, Manager – WPCA
  - Jonathan DeAngelo, Supervisor – WPCA
  - Santo Carta, Senior – City and Pension Plans
  - Vernelle Bethel, Senior – Board of Education and Single Audits

- **Audit Planning**
  - Risk Assessment – Identified significant audit areas as follows: Cash, Investments, Revenues and Receivables, Property Taxes, Expenditures and Accounts Payables, Payroll and Related Liabilities, Capital Assets, Debt and Debt Service, Risk Management, and Financial Statement Closing.
  - SAS 109 – 110 Review (IT Controls Review of the Information Technology Function). BlumShapiro Consulting reviewed the following controls: IT Organization, IT Policies and Procedures, Physical and Logical Security Management, Audit Controls and System Monitoring, Remote Access Controls, Backup and Recovery, Contingency Planning, and Antivirus Controls.
  - We met with the City Internal Auditor.

- **Audit Execution**
  - Based upon our Risk Assessment Work and Preliminary Field Work we did not have to change our original Audit Plan.
  - Departmental visits included: Tax, Assessor, Purchasing, Human Resources, Legal Affairs, Risk Management, WPCA, and the Board of Education.
  - Confirmation Work in the following areas: Cash, Investments, Related Party, Risk Management, Bonds and other Debt. We are currently working on Legal Confirmations.
  - Representation Letters – Draft

- **Audit Reporting**

    - Comprehensive Annual Financial Report – Draft
    - Water Pollution Control Authority – Draft
    - Pension Reports – In Process
    - State and Federal Single Audit Reports – Draft
    - State of Connecticut Form EDOO1 – Complete
    - SAS 114 Report – Complete
    - Management Letter – In Process

- **Open Items**
    - Fund Balance Commitment
    - Legal Confirmations – 2 of 8 received
    - Representation Letters – to be sent 1-23-2015
    - Management Letter

- **Report Review**
    - CAFR
    - Federal Single Audit
    - State Single Audit

- **Questions**