

**DAVID R. MARTIN  
MAYOR**



**BOARD OF FINANCE**  
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MARY LOU T. RINALDI  
VICE CHAIR  
SAL GABRIELE  
DUDLEY N. WILLIAMS  
DAVID KOORIS  
SHELLEY A. MICHELSON

## **BOARD OF FINANCE**

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October 12, 2017

### **REPORT OF AUDIT COMMITTEE MEETING OF THE BOARD OF FINANCE HELD ON OCTOBER 12, 2017**

**ATTENDEES:** COMMITTEE CHAIR RICHARD FREEDMAN; VICE CHAIR MARY LOU RINALDI (arrived at 5:35 p.m.); BOARD OF FINANCE MEMBERS DUDLEY WILLIAMS AND SHELLEY MICHELSON. ALSO IN ATTENDANCE: DAVID YANIK, CONTROLLER.

Chairman Freedman opened the meeting at 5:30 p.m. citing its purpose as a *Review of prior year's audit comments regarding the City's internal control over financial reporting and the steps taken to remediate any internal control issues.*

Controller David Yanik provided the Audit Committee and attending Board members with an update on the Fiscal 2016 Management Letter originally distributed at its May 11, 2017 meeting.

He briefly summarized each of the issues and auditor recommendations and then discussed the implementation status of each of the proposed remediation plans since the issuance of the Management Letter. He distributed a copy of the December 29, 2016 letter that included: the auditors' notations and suggested recommendations, City management responses and remediation plans, and updates on the status of those remediation plans as follows:

1. Auditor's struggle to get information from the URC in a timely fashion – The Urban Redevelopment Commission (URC) and the Economic Development Commission are now combined and the Economic Development Director has been appointed as the Chairman of the URC's Board. The update for the current year is that URC has met all its information reporting deadlines related to the Fiscal 2017 year-end close and any follow-up questions have had responses given in a very timely manner. *(Video: 01:28)*
2. Grants Accounts Receivable – The Grants Officer has provided bi-monthly updates to the Board of Finance regarding activities in conjunction with addressing this audit comment. The next update is on the agenda for the November 9, 2017 regular monthly meeting. The progress the Grants Office has made toward the June 30, 2017 close has been modest and short of what was hoped could be accomplished. *(Video: 02:59)*
3. Property Tax Receivables – The auditors' recommendation was that the Tax Collector's report be reconciled back to the HTE general ledger accounts. The Tax Collector's Report for the current fiscal year was provided to the auditors after its agreed-upon due date and a final reconciliation of the report to supporting information was still being worked on. The Tax Department's February 2017 migration to a new Property Tax Accounting software package complicated the accounting and reconciliation process. The auditors are waiting for a bridge between the last reports and information from the old system to the opening balances of the new system. *(Video: 4:45)*

*Continued...*

Minutes: October 12, 2017

4. Timekeeping Oversight and Administration – Mr. Yanik described the progress made by the Time and Attendance Manager in the implementation of an upgrade to KRONOS Timekeeper Version 8. He said a standardized policy and procedure has been written and distributed. He outlined other procedures to be set in place for the Fire Department to tighten controls and for time reporting for all City departments. The Board requested that the Time and Attendance Manager be invited to the November 9 regular meeting to discuss this matter further. (Video: 10:12)
5. Internal Service Fund – The Auditors' recommendation was that the City record the heart and hypertension liability in the Risk Management fund and establish a long-term plan to fund the deficit created by the recording of this liability. Mr. Yanik said the administration is currently looking at recommending a funding approach to the Boards, similar to OPEB, so the entire claim can be addressed over time. (Video: 15:32)

Mr. Freedman asked if there were any further questions. There being none, he made a motion to adjourn the meeting at 5:57 p.m. Mr. Williams seconded the motion, which passed unanimously.

Please refer to the video for details of this discussion.

[This Meeting is on Video](#)

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Richard Freedman, Audit Committee Chair

Sal Gabriele, Member

cc: Mayor David Martin  
Michael Handler, Director of Administration  
Kathryn Emmett, Director of Legal Affairs  
Lou Casolo, City Engineer  
Randall Skigen, President, Board of Representatives  
Jay Fountain, Director of OPM

David Yanik, Controller  
Ernie Orgera, Director of Operations  
Karen Vitale, Assistant Controller  
Beverly Aveni, City Purchasing Agent  
Donna Loglisci, City and Town Clerk