

Longmeadow Audit Committee

Minutes of the May 17, 2023 meeting

Adopted at the June 14, 2023 meeting

Members Present: Carol Martucci, Dr. Rose Bernal-Larioza, Matthew Schoen
Others Present: Paul Pasterczyk, Interim Town Finance Director

Meeting called to order by Mr. Schoen at 6:31 P.M. This meeting was conducted remotely via Zoom.

Public Comments

Mr. Schoen began the meeting by addressing the passing of Pete Landon, an Audit Committee member, since the last meeting. Mr. Schoen recognized Mr. Landon's mentorship to him and others over the years and his lengthy service on the Audit Committee and a number of other Town committees. Mr. Pasterczyk noted that Mr. Landon was instrumental in creating and chartering the Town audit committee.

Prior Minutes

The draft minutes of the January 10, 2023 audit committee meeting were reviewed. Mr. Schoen moved to approve the minutes. Dr. Bernal-Larioza seconded. The minutes were approved by roll call vote. (Schoen – aye; Bernal-Larioza – aye; Martucci – aye)

FY 22 Audit Correction Report and Status

Mr. Pasterczyk presented an audit correction report outlining an issue description, priority, corrective measure, timing, success evaluation, assignee and status for each recommendation from the auditors' management letter issues following the FY22 audit.

The issues were as follows:

1. Improve Controls Over Cash Reconciliations
2. Improve Procedures Over Receipts in Department of Public Works Office (DPW)
3. Improve Procedures in Assessor's Office
4. Establish an Ambulance Write-Off Policy and Write-Off Old Receivable Balances
5. Prepare for Governmental Accounting Standards Board Statements No. 94 and 96
6. Monitor Revolving Fund Spending Limited and Parks & Rec Revolving Account Balance

For the first issue, Mr. Pasterczyk noted that cash reconciliations are being completed, but are several months behind due to the Town accountant being focused on budget and warrant prep in recent months. The reconciliations will be caught up by the time of the fiscal year-end closing.

For the second issue, Mr. Pasterczyk noted that the DPW wrote and implemented a separate policy dealing with the handling of the receipts collected by the DPW.

For the third issue, Mr. Pasterczyk noted that he had been overseeing the monitoring and recording of the FY23 abatements on an interim basis, while waiting for the Principal Assessor's position to be filled. The Principal Assessor position was filled as of May 1, 2023. Mr. Pasterczyk also noted that a consultant working for the Assessor's office is maintaining a tracking sheet of all FY23 abatement applications and their status. Use of the signature stamp continued while the Principal Assessor position was vacant, but Mr. Pasterczyk has ensured that any stamped applications have also been voted on and signed or initialed by the Board of Assessors.

For the fourth issue, Mr. Pasterczyk noted that a meeting was recently held with the Fire Chief and other responsible persons to begin to address this issue. To the extent there is a need to write-off uncollectible balances (generally due to missing insurance information/identification from individuals who were incapacitated at the time of ambulance use), the process may take several years to complete. During this time, collection attempts will be ongoing.

For the fifth issue, Mr. Pasterczyk noted that the new GASBs related to certain public-private partnerships and software services are still under review by the Town. It is expected that the auditors will provide further guidance and tools on scoping the applicability of Town contracts under the new GASBs. Mr. Pasterczyk believes the impact of these GASBs will be limited.

For the sixth issue, Mr. Pasterczyk noted that the Assistant Town Accountant and Town Accountant have been monitoring the revolving fund activity, however the department heads for the revolving funds need to be more proactive about monitoring upcoming spending activity. Mr. Pasterczyk noted the spending limit on the fund was increased with approval from the Select Board and Finance Committee. He also noted the Parks & Rec fund balance continues to be higher than the amount allowed by statute, but there is a plan in place with the Parks & Rec Director to commit some purchases on small capital items and bring the balance back into line.

The Committee was pleased with the detailed responses Mr. Pasterczyk provided and the clarity of the format in which he presented them. Mr. Schoen asked when the cash reconciliations would be caught up and Mr. Pasterczyk replied the cash reconciliations would be complete for FY23 by late July or early August, before the year-end closing was complete. Dr. Bernal-Larioza inquired about the compensating controls in place for the cash reconciliation process. Mr. Pasterczyk's monitoring and reporting was noted as a compensating control. The interim Finance Director only being part-time also affects the timing of the cash reconciliations.

Mr. Schoen asked if the consultant working for the Assessor's Office would still be needed now that the Principal Assessor position is filled. Mr. Pasterczyk replied that the consultant would still be needed for technical aspects on an interim basis because the Principal Assessor requires assistance while they are completing training programs during their initial period in the role. It is expected that the consultant workload will diminish after this period is over. Mr. Schoen also asked if the signature stamp would still be in use now that the Principal Assessor position is filled. Mr. Pasterczyk replied that the signature stamp is generally used for timing purposes due to the infrequency of the meeting of the Board of Assessors. It is expected that under the new Principal Assessor, the timing issue will be addressed.

Since some of the management letter issues were exacerbated by position vacancies, Mr. Schoen asked Mr. Pasterczyk about the status of the Town salary survey and Mr. Pasterczyk replied that the results of the survey should be available soon.

Next Meeting

The next meeting of the Audit Committee will be held in late June to review the FY23 audit plan with Ms. Campbell of Marcum LLP.

A motion was made by Mr. Schoen, seconded by Ms. Martucci and approved by roll call vote to adjourn the meeting at 7:15 P.M. (Schoen – aye; Bernal-Larioza – aye; Martucci – aye)

Respectfully Submitted,

Carol Martucci
Secretary