



**Town of Nantucket
Audit Committee
Agenda
Meeting of Tuesday, November 29, 2011
9:00AM – 10:00AM
Town Hall Conference Room**

1. Call to Order
2. Public Comment
3. Approval of Minutes
4. Audit Committee Scorecard
5. Abraham's Interim Report
6. Update on 2011 Audit Progress / 2010 Management Letter Findings
7. Update from Financial Advisory Associates
8. Date of Next Meeting

Tuesday, December 27, 2011 @ 9:00AM

Topics: 2011 Audit Progress; Audit Committee Scorecard

9. Adjournment



Town of Nantucket
Audit Committee

Draft

Minutes – Audit Committee Meeting, November 15, 2011

A duly noticed meeting of the Audit Committee was held in the conference room at 16 Broad Street on Tuesday, November 15, 2011 commencing at 9:00 AM.

Present: Chairman Michael Kopko, Vice Chairman Matt Mulcahy, and Rick Atherton

Also in attendance: Libby Gibson, Gregg Tivnan, Irene Larivee, Debbie Dilworth, Elizabeth Brown, Renee Davis and Kathryn Hickey from Powers & Sullivan, and Whitey Willauer.

Absent: None

Call to Order: Chairman Kopko called the meeting to order at 9:03am.

Public Comment: None

Approval of Minutes: October 4 2011; Mr. Kopko abstained as he wasn't present at the meeting. Mr. Atherton and Mr. Mulcahy approved as edited by Ms. Gibson.

Update on 2011 Audit Progress:

Ms. Davis from Powers & Sullivan informed the group the ledgers were provided to them on time (9/30/2011). Overall it appears the Town is in good shape compared to prior years at this time. She indicated they are still waiting on an updated list of fixed assets from the Airport. Mr. Atherton responded that he would follow up with Mr. Dan Drake, the Chairman of the Airport Commission to determine if the information could be sent sooner rather than later.

During the current phase of the audit, Ms. Davis explained they are "ticking and tying" information. Mr. Kopko asked if the auditors have discovered any issues and will there be any surprises. Ms. Larivee responded that in prior years the ledgers were changing daily during the auditors field work. During the 2010 audit field work there were at least forty journal entries being performed during the November / December field work time period. This makes it very difficult to audit the figures as they are continually changing. Ms. Larivee continued by explaining this year the Finance team locked down Munis on September 30th so that no additional entries could be made. Any entries that have been identified that need to be made will be made as "AJE's" Audit Journal Entries that both the auditors and the finance team agree

upon. The Munis accounting system will not be changed until the audit is finalized. As of November 15, 2011 there were only three AJE's identified and both parties anticipate fewer adjustments would be needed than in prior years.

Mr. Atherton asked Ms. Davis what type of contract testing they perform as part of the audit. Ms. Davis responded they have a sample list they test. As part of the test they check prevailing wages including those of subcontractors; and a sampling of actual employees of vendors are tested through a Boston firm. Mr. Atherton inquired, using an example of fifty-seven projects, some that may have a paper contract and some may not, did the auditors find any instances where it caused a rise of concern. Ms. Davis responded that it didn't come up during this current audit testing, however it has come up in the past.

Mr. Atherton asked Ms. Davis about the Audit Committee's prior request for an explanation on what type of transaction testing is done at the Airport. Ms. Davis responded that they look at the financial statements and large projects especially those that receive federal funding. Mr. Mulcahy asked if during the FY2011 audit field work more testing is being performed that pertains to the Airport. Ms. Davis indicated that due to the heightened concerns, additional testing will be done.

Mr. Atherton also asked if the Other Post Employment Benefit (OPEB) actuarial study is complete. Ms. Larivee indicated Segal provided the updated study which was forwarded to Powers & Sullivan. Ms. Davis provided an update that the Town's OPEB liability and noted there is a significant decrease for 2011. The reason why is in the transition from the town's prior vendor to Segal, it was discovered the old vendor had mis-stated the number of employees for the town. It appears from the prior year reports that the teaching staff was double counted.

Ms. Davis informed the audit committee her teams' focus will be on completing the 2011 audit while keeping the town goal of final statements by December 31, 2011 in mind.

Review of Audit Committee Scorecard:

Ms. Larivee provided an overview of the status of current fiscal year cash reconciliations for both the Town and County. The town and county cash accounts have been completely reconciled through the month of August 2011. She continued by reporting accounts receivable reconciliations for the 1st quarter are in progress. Inter-fund transfers are currently 100% reconciled. Journal entries for the County and Town were down 76.0% and 57.1% respectively.

Ms. Brown and Ms. Dilworth provided an update from the Tax Collector and Assessor's offices. The first tax bill receipts, as reported by Ms. Brown, are 75% of what was billed within the due date of November 14, 2011. Ms. Dilworth indicated that the window for submitting an abatement request closed on November 14, 2011; however the Department of Revenue allows a postmark of November 14, 2011 to also serve as proper notification.

Ms. Larivee continued the discussion with an update on the 2010 Management Letter Findings. A majority of the 2010 Management Letter Findings are either completed or in progress. The only exception pertained to the Fraud Risk Assessment process which was identified as a FY2012 / 2013 initiative. Mr. Kopko asked if there is a boiler plate approach to performing the assessment. Ms. Davis responded that it is entirely up to the community. Ms. Gibson reminded

the audit committee members there are several initiatives that require a lot of staff time that are currently in progress within Town Administration and the Finance Department. The initiatives include but are not limited to the 2011 audit, 2012 Annual Town Meeting, 2013 budget; and the Airport forensic audit. Ms. Gibson and Ms. Larivee plan to discuss if the fraud risk assessment could be completed in FY2012 or if it needs to be repositioned to FY2013.

Abraham’s Implementation update included 57.1% of the findings have been completed. Ms. Larivee explained to the committee they may not see much movement in this area in the near future as the remaining items are significant new initiatives which will require extensive staff time. She indicated the budget line item controls and contract module implementation will take time and training to fully implement. The other large task that will involve all town, school, and enterprise fund departments is decentralized payroll entry. This task alone will take up to six months to complete.

Date of Next Meeting: July 12, 2011

Adjournment: Mr. Kopko asked for a motion to adjourn that was “so moved” by Mr. Mulcahy. The meeting was adjourned at 10:03 AM.

Prepared by I. Larivee

**Audit Committee
Score Card
As of November 23, 2011**

	FY2011 Period 10 April	FY2011 Period 11 May	FY2011 Period 12 June	FY2012 Period 1 July	FY2012 Period 2 August	FY2012 Period 3 September	FY2012 Period 4 October	Comments:
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Treasury Performance Measures

Town Cash Book to Bank	91 Accounts							
# of Accounts Reconciled		88	85	91	91	89	89	Due Dec 1
% of Accounts Reconciled	Goal 100%	96.7%	93%	100%	100%	100%	100%	Due Dec 1
# of Reconciling Items +60 Days Old			N/A	0	0	0	0	Due Dec 1
# of Payroll Checks Issued Year to Date		27192	N/A	27952	2349	4393	6705	Due Dec 1
# of Outstanding Payroll Checks +60 Days Old		61	N/A	62	54	43	41	Due Dec 1
# of Accounts Payable Checks Issued Year to Date		10443	N/A	10970	284	1236	232	Due Dec 1
# of Outstanding Accounts Payable Checks +60 Days Old		218	N/A	208	213	210	205	Due Dec 1
County Cash Book to Bank	17 Accounts							
# of Accounts Reconciled		17	17	17	17	8	8	Due Dec 1
% of Accounts Reconciled	Goal 100%	100%	100%	100%	100%	100%	100%	Due Dec 1
# of Reconciling Items +60 Days Old		0	0	0	0	0	0	Due Dec 1
# of Payroll Checks Issued Year to Date		1251	1270	1374	48	167	167	Due Dec 1
# of Outstanding Payroll Checks +60 Days Old		1	1	1	1	1	1	Due Dec 1
# of Accounts Payable Checks Issued Year to Date		207	240	241	9	17	17	Due Dec 1
# of Outstanding Accounts Payable Checks +60 Days Old		0	0	0	0	0	0	Due Dec 1

Accounting Performance Measures

Town General Ledger to Cashbook	57 Accounts							
# of Accounts Reconciled		54	29	57	57	57	57	Due Dec 15
% of Accounts Reconciled	Goal 100%	94.7%	51%	100%	100%	100%	100%	Due Dec 15
# of Reconciling Items +60 Days Old		15	N/A	16	1	1	TBD	Due Dec 15
County General Ledger to Cashbook	13 Accounts							
# of Accounts Reconciled		13	13	13	13	13	13	Due Dec 15
% of Accounts Reconciled	Goal 100%	100%	100%	100%	100%	100%	100%	Due Dec 15
# of Reconciling Items +60 Days Old		0	0	0	0	0	0	Due Dec 15
Accounts Receivable	150 Accounts							
# of Accounts Reconciled		139	N/A	150	N/A	N/A	Due Nov 17	Due Dec 15
% of Accounts Reconciled	Goal 100%	92.7%	N/A	100%	N/A	N/A	Due Nov 17	Due Dec 15
# of Reconciling Items +60 Days Old		70	N/A	0	N/A	N/A	Due Nov 17	Due Dec 15
Interfund Transfers (Due to / Due from Accounts)	36 Accounts							
# of Accounts Reconciled		34	36	36	36	36	36	36
% of Accounts Reconciled	Goal 100%	94%	100%	100.0%	100.0%	100.0%	100%	100%
# of Reconciling Items +60 Days Old		0	0	0	0	0	0	0
Journal Entries	N/A							
# of YTD Journal Entries for Town		200	212	283	9	14	9	Due Dec 1
% Cumulative Increase / Decrease over prior fiscal year		-54.8%	-51.5%	-99.8%	-80.0%	-81.3%	-76.0%	Due Dec 1
# of YTD Journal Entries for County		30	33	39	2	2	2	Due Dec 1
% Cumulative Increase / Decrease over prior fiscal year		-60.0%	-64.7%	-67.3%	-75.0%	-81.8%	-57.1%	Due Dec 1

Collector's Performance Measures

# of Real Estate Bills Issued		-	10,461	N/A	10,461	-	-	Due Dec 1
Amount Billed				N/A	61,695,869	-	-	Due Dec 1
% of RE Bills Collected				N/A	96.00%	0.00%	0.00%	Due Dec 1
# of Personal Property Tax Bills Issued		-	6,087	N/A	6,087	-	-	Due Dec 1
Amount Billed				N/A	\$1,344,281	\$0	\$0	Due Dec 1
% of PP Tax Bills Collected				N/A	93.00%	0.00%	100.00%	Due Dec 1
# of Motor Vehicle Tax Bills Issued		1,104	55	1,144	2,303	-	-	Due Dec 1
Amount Billed		216,029	6,639	N/A	\$222,667	\$0	\$0	Due Dec 1
% of MV Bills Collected				N/A	-	-	-	Due Dec 1

# of Accounts	FY2011	FY2011	FY2011	FY2012	FY2012	FY2012	FY2012	Comments:
	Period 10 April	Period 11 May	Period 12 June	Period 1 July	Period 2 August	Period 3 September	Period 4 October	
# of Boat Excise Tax Bills Issued	-	-	N/A	-	-	-	Due Dec 1	
Amount Billed			N/A	\$0	\$0	\$0	Due Dec 1	
% of Boat Bills Collected			75.0%	75%	0%	0%	Due Dec 1	

Assessor's Performance Measures

# of Real Estate Accounts	10,995	10,995	10,995	10,995	-	-	Due Dec 1	
# of Real Estate Abatement Applications Received	2	2		345	-	-	Due Dec 1	
# of RE Abatements Approved	87	26		290	-	-	Due Dec 1	
% of Applications Approved	4350.00%	1300.00%	0.00%	84.06%	-	-	Due Dec 1	
Total RE Amount Abated	\$123,065	\$68,206	\$0	\$479,782	-	-	Due Dec 1	
# of Personal Property Accounts	6,964	6,964	6,964	6,964	-	-	Due Dec 1	
# of Personal Property Abatement Applications Received	0	0		66	-	-	Due Dec 1	
# of PP Abatements Approved	5	1		63	-	-	Due Dec 1	
% of Applications Approved	#DIV/0!	#DIV/0!	0.00%	95.45%	-	-	Due Dec 1	
Total PP Amount Abated	\$1,175	\$86	\$0	\$6,711	-	-	Due Dec 1	
TOTAL ABATED	\$124,240	\$68,292	\$0	486,493	-	-	Due Dec 1	
Overlay For Abatements and Exemptions	\$879,419	\$879,419	\$879,419	\$879,419	-	-	Due Dec 1	
% of Overlay Used	14.13%	7.77%	0.00%	55.32%	-	-	Due Dec 1	

2010 Material Weaknesses

12 Findings

Cash Related Findings	8 of the 12							
# of Findings Related to Cash In Progress	5	6	8	0	0	0	Due Dec 1	
# of Findings Related to Cash Resolved	1	2	0	8	8	8	Due Dec 1	
# of Findings Related to Other Material Weakness In Progress	4 of the 12							
# of Findings Related to Other Material Weakness Resolved	0	0	0	1	1	1	Due Dec 1	Open item relates to last minute changes to schedules. This will be measured when the auditors perform final field work in November and early /Deember.
	0	0	0	3	3	3	Due Dec 1	

Other 2010 Audit Matters

13 Findings

# of Findings Resolved	1	3	4	4	9	10	Due Dec 1	Complete: Prepaid Exp; County Escrows; County Due to / Due from; Chapter 90; Federal and State Funds Separated for FY2012
# of Findings In Progress	10	8	7	7	3	2	Due Dec 1	Off Duty Detail; Dental Withholding Legacy Issue
# of Findings Scheduled for 2012 / 2013	2	2	2	2	1	1	Due Dec 1	Fraud Risk Assessment scheduled in 2012

Abraham's Implementation

36 Findings

# of Findings Resolved	19	19	20	20	21	22	Due Dec 1	Confirmed Town Clerk Bank Account Closed
# of Findings In Progress	11	11	10	11	10	9	Due Dec 1	
# of Findings Scheduled for 2012 / 2013	6	6	6	5	5	5	Due Dec 1	
% of Findings Completed	52.8%	52.8%	55.6%	55.6%	57.1%	61.1%	Due Dec 1	

Irene Lynch-Larivee

From: BETTERGOV@aol.com
Sent: Wednesday, November 23, 2011 10:37 AM
To: Irene Lynch-Larivee
Cc: bettergov1@aol.com; Libby Gibson; mdaley@faa-inc.com; rdavis@powersandsullivan.com
Subject: Re: FW: 11/29 Audit Comm

I will not be present.

Here is our update.

We have completed our initial field work.
We are waiting for P&S and Mike to complete their work.
We will then do follow up field work and write our report.
Expect the report in January.

In a message dated 11/21/2011 4:55:02 P.M. Eastern Standard Time, ILarivee@nantucket-ma.gov writes:

Below are the topics for the next audit committee. Please let me know if you'll be in attendance in person or via conference call so I can make the necessary arrangements.