

**TOWN OF BELMONT
PERMANENT AUDIT COMMITTEE**

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Minutes: Wednesday, April 25, 2018, BMLD Conference Room, 9:00 AM 2018 OCT 25 PM 2: 08
Present: Members Frank Caruso, Robert Forrester, Robert Keefe, Glenn Logan, ex-officio member Town Accountant Chitra Subramanian, ex-officio member Town Treasurer Floyd Carman and ex-officio member Selectmen Adam Dash
Also Present: James Goulet and Heather Isaacs from Goulet, Salvidio & Associates, P.C. Craig Spinale and Maria Makar-Limanov from Belmont Municipal Light Department

Chairman Robert Keefe called the meeting to order at 9:00 AM.

James Goulet and Heather Isaac reviewed the 2017 Draft financial statements and Internal Control Report. Committee Members asked various questions which were responded to by Mr. Goulet and Ms. Isaacs and members of the Belmont Municipal Light Department.

Overall Results:

- Unmodified Opinion.
- Information received was accurate.
- Responses to audit inquiries were timely including the Belmont Retirement System 2016 and OPEB audit information.
- No material control weaknesses but two significant control deficiencies were noted as described below.
- Discussed required communications.
- The financial statements were subsequently updated through May 8, 2018 to reflect various changes after discussion.

Internal Control Comments

Current Year Comments:

Drafting of Financial Statements

The comment on drafting financial statements is and will be a recurring comment reflecting the small size and related staffing of the BLMD.

Finding: Belmont Municipal Light Department does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. Management reviewed, approved and accepted responsibility for those financial statements prior to their issuance. Although this circumstance is not unusual for a department of your size, the preparation of financial statements as part of the audit engagement may result in financial statements and related information included in financial statements disclosures not being available for management purposes as timely as it would be if prepared by department personnel. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of the cost or other considerations.

Significant Accounts and Processes

The comment on accounts receivable collections is expected to be addressed in 2018.

Finding: It was noted during the audit that there was inadequate design of internal control over significant accounts or processes.

1. Accounts Receivable Collections – The Department should evaluate the outstanding balance of protected customer accounts on a periodic basis to determine the appropriate action for collections.

Resolved Prior Year Comments:

Significant Accounts and Processes

Finding: It was noted during the audit that there was inadequate design of internal control over significant accounts or processes.

1. Customer Liens Receivable - The Department should reconcile customer account liens with the Town of Belmont on periodic basis in order to track customer liens receivable accurately.
2. During the audit process GSA experienced significant delays obtaining requested audit documentation. Several communications throughout the audit process provide ample time to process our requests. These communications are designed to allow us to conduct our audit fieldwork and wrap-up procedures efficiently and in order to meet PAC deadlines. Also noted during our audit process, Belmont Light did not have the necessary information from the Town of Belmont to complete several months accounting procedure. The aforementioned issues resulted in the Department being unprepared for scheduled audit fieldwork.

A copy of the Belmont Municipal Light Department Financial Statements for 2017 and 2016 is on file with the department.

The meeting was adjourned at 11:15 a.m.

Respectfully submitted,

Floyd S Carman