

# TOWN OF BELMONT PERMANENT AUDIT COMMITTEE

Minutes: Tuesday, December 5, 2006, Town Hall Conference Room 4, 5:00 p.m.

Present: Members Ernest E. Fay, Henry Hall, Robert Keefe, ex-officio member  
Town Accountant Barbara Hagg, ex-officio member Town Treasurer  
Floyd Carman, and Town Administrator Tom Younger

Also Present: Dick Sullivan and Craig Peacock from Powers and Sullivan.

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Chairman Ernest Fay called the meeting to order at 5:00 p.m.

Dick Sullivan presented reports on the FY06 Town-wide Audit results.

- SAS 61 Internal Control
- Overview of Basic Financials
- Overview of Federal Awards Program
- Management Letter comments

Questions and Responses:

The FY06 audit went smooth based on the audit presentation by Power's and Sullivan. A few questions to follow up from the members which Barbara Hagg will handle:

- A question on OPEB liability and funding. Barbara Hagg sent members draft copy of Actuarial Report dated 1-1-2006. The future funding is under discussion by Warrant Committee and BOS.
- A question on Income Statement, page 6 increase in "Operating Grants and Contributions" between FY06 and FY05. Barbara Hagg responded to the members.
- The timeline for the Transfer Station Environmental Capping Project \$3.8 million is tentatively scheduled for Spring 2007 to be completed Fall 2008.

The prior Management Comment issue on a Disaster Recovery Plan and two new issues on Fraud Risk Assessment and Formal Accounting Policies and Procedures Handbook were discussion points. These are issues to be addressed in the next year.

The Disaster Recovery Plan Dick Sullivan is going to send Floyd Carman templates to look at. Tom Younger is checking with other Towns. The plan itself is not really an IT

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Plan but from a business perspective on how to resume business if a disaster occurred. In private industry they refer to it as Resumption Planning/Disaster Recovery. Yes IT is a component with other business operations both School and Town.

The BOS can play a role by acknowledging the issue Town Wide to include the school side and make it a formal goal to be resolved. Floyd Carman will work with Tom Younger to resolve this issue and he will update the BOS periodically.

Some time in the next month or so Ernie Fay will distribute the final copy of the FY06 Audit Report and Management Letter Comments and get on the BOS schedule for an update.

The types of audit comments to be addressed are a reflection of a well run financial operation with the Town stepping up to the next level.

**At 6:00 PM Chairman Fay excused Barbara Hagg, Town Accountant, Tom Younger, Town Administrator and Floyd Carman, Town Treasurer from the remainder of the Audit Committee Meeting.**

The meeting between the Auditors and the Permanent Audit Committee began once the town officials had left the room. The discussion with the auditors might just as well have been with management present as nothing negative was said.

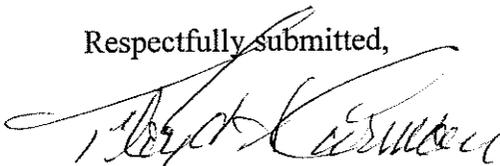
The Committee was pleased with management's ability to resolve five of the nine comments from the FY05 Audit in FY06. Two comments of the nine were either resolved or partially resolved in the first half of FY07. Two comments were added for FY06 leaving four to be resolved.

Of the four, the "Disaster Recovery Plan" needs to be addressed sooner rather than later for a number of reasons, i.e. fire, gas, water emergencies/disasters could leave a building(s) out of service for short or long periods of time. We were told that a procedure manual could take up to two years to formulate. This must be done with both town and school officials involved at every juncture.

The Permanent Audit Committee thanks management and the Auditors for a job well done. This was the town's second audit with Powers & Sullivan, CPAs.

The Permanent Audit Committee adjourned at 6:15 pm.

Respectfully submitted,



Floyd S. Carman  
Clerk