

CHARLOTTE TOWN AUDITORS
Minutes of the Monday, November 4, 2013, Meeting
At the Charlotte Town Hall

Present: Town Auditors Peter Trono, Robert Mack, Nancy Wood (Chair)
Others: Selectboard Chair Charles Russell

The meeting was called to order at 3:05 p.m.

On a motion by Peter Trono, seconded by Nancy Wood, the minutes of the October 7, 2013, meeting were amended with the addition of the name of Richard St. George and approved on a vote of 2-0 (Mack not yet present).

Wood reported on the October 22, 2013 Fall Auditors Workshop that she and Town Treasurer Mary Mead attended. The workshop was sponsored by the Vermont League of Cities and Towns (VLCT) and presented by William Hall, Senior Financial Consultant for VLCT. Hall reviewed the general responsibilities of town auditors, and responded to questions from participants. Wood said she asked a number of questions specific to issues that have been under discussion in Charlotte this year, including the role of the elected officers. Hall confirmed that town management (the Selectboard) has the responsibility to develop and implement policies and procedures, and that the elected auditors have a role in recommending policies and procedures, and identifying if they are being followed. The annual report to the voters should include this information. Several areas of security were pointed out, such as that signature stamps should only be used by that person, and should be kept locked; and personnel records are confidential, but town auditors do have the right to see social security numbers. Also, he emphasized the need for numbered transaction documents (such as receipts for cash transactions) and that voided transaction receipts should be kept and reports should be reviewed regularly. When asked about the authority of Library and Cemetery Trustees, he confirmed their authority to authorize expenditures from their budgets, which would mean separate warrants for their expenditures. But the Selectboard should look at the warrants as part of their overall responsibility. With respect to purchasing policy, he recommended a purchase order system, not necessarily in NEMRC. In response to questions about the confidentiality of communications and documents, Hall expressed his opinion that discussion of the independent auditors draft audit and management letter by the Selectboard must be in open session, and that e-mail communications to and among elected officials are public documents. In general, Hall recommended reviewing the new VLCT Internal Control Handbook and VLCT checklists for policies and internal controls.

Discussion of yearend review of accounts: Wood suggested that each auditor choose one or more of the Town accounts for review. All have been audited by Batchelder and Associates, but as elected auditors we need to be familiar with how well internal controls are working in different departments. Mack commented that we are not spending much on maintaining the Grand List, and Russell pointed out that the professional appraiser is reassessing the Stockbridge and Greenbush neighborhoods at this time. Trono agreed to

review the Cemetery account, Mack offered to do Parks and Conservation Commission. Wood is reviewing bank reconciliations on a fairly regular basis and will examine areas related to the Grand List and taxes. Russell said that there are larger departments we could be reviewing, but Trono suggested it made sense to start small and work our way up.

There was discussion of RFP/contract recommendations continued from prior meetings and led by Trono. He identified the research he had done into this issue, and has provided copies of St. Lawrence County Purchasing Policies and Procedures, Middlebury Purchase Procedures as well as RFP from Middlebury and The University of Vermont. Charles Russell provided the "Model Financial Policies Handbook" created by Vermont League of Cities and Towns (VLCT). It was agreed that all of these provide valuable information that could be considered for developing a plan for the Town of Charlotte. Peter determined that the Town of Middlebury policy, which is very similar to the VLCT model, would best suit Charlotte. Obviously changes would need to be made to apply to Charlotte, as we do not have a Town manager as does Middlebury. There was particular discussion about the fairness of allowing for renegotiation of the scope of work after a low bidder has been chosen, and the need for all bidders to be made aware of changes.

It was agreed to recommend for consideration by the Selectboard the implementation of a Major Purchases & Bids policy similar to that of Middlebury, Vermont. A copy of that policy is attached. Trono identified the following changes to the Middlebury policy and issues for the Selectboard to consider when developing the policy for Charlotte:

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Step 1. Only change relating to Town Manager and Staff. Consideration for replacement to be a three member committee of the Selectboard's choosing to become purchasing agent. I recommend a three member committee as it would broaden expertise.

Step 3. Replace Town Manager with Committee, Purchasing agent whatever is agreed on.

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III. 1 A. Change Town Manager/Purchasing Agent Business Manager to agreed upon title.

C. Contexts of "Bid Specifications" should be discussed.

F. Negotiation after RFP's or Bids are received should be carefully considered. It opens itself up for "unfairness" or corrupts the process.

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"Regular Purchases"

I would recommend that "Department Heads" take bids back to committee for their approval then to Selectboard for final approval.

4. "Purchase Orders and Requisition Forms." Purchase orders are a complete topic discussion for Auditors, Selectboard, Dean and Mary. I recommend a reduction in the \$1,000.00 limitation Middlebury has.

Reference to bookkeeping department changed to Town Clerk / Treasurer.

7. Gift and Gratuities- We should have some discussion of department heads, purchasing

agent or committee members, or selectboard members doing business with contractors and vendors on a personal basis.

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10 Exceptions

1. We should discuss "Waiver of Bids." I would recommend not having waivers except in the case of extreme emergency which are time sensitive.

2. We should discuss "professional services" which could be exempt from bid process. 3 and 4. Should be combined for Junior's bid process. The bid process should be used by him as well.

III Repeal of Previous Administrative Policy I do not believe we have a policy.

Wood will notify the Selectboard about the policy recommendation and provide the Middlebury policy (Russell offered to scan it so it can be e-mailed), and Trono will do more research on eligibility requirements and other conditions that RFP's and contracts should contain.

The date of the next meeting was set for Wednesday, December 11, 2013, at 3 p.m. at the Town Hall. The meeting day was changed to Wednesday so that Selectboard member Lane Morrison can attend. He has volunteered to work on financial policy development for the board. [Note: the December 11 meeting was subsequently cancelled and will be rescheduled to a later date.]

The meeting was adjourned at 4:20 p.m. on a motion by Mack, second by Trono, all in favor.

The minutes of the Monday, November 4, 2013, meeting were approved at the meeting of Wednesday, November 8, 2014.