NORTH KINGSTOWN AUDIT COMMITTEE
August 5, 2010
Beechwood Senior Center
7:00 PM

1. **Call to Order** -7:00 P.M. by the Chairperson Jeffrey Wadovick

Present: Richard August, Charles Cardente, Matthew Leonard , Rebeka Mazzone and Patricia Sunderland

2. Pursuant to RIGL 42-46-6 (c), Notice of this meeting has been posted on the Secretary of State's Website –posted on Secretary of State's website

3. Executive Session pursuant to RIGL 42-46-5(a) (4) –Procedural review associated with whistleblower complaints

R. August stated there is one person in attendance.
Chair asked the person if he had any concern with the Committee going into executive session.
No objection from the public.
Move to executive session pursuant to RIGL 42-46-5(a)(4)-Procedural review associated with whistleblower complaints.

Committee returns to the open session.

4. **Whistleblower Screening Committee Report**

R. Mazzone reported they met to address and familiarize themselves with the ethics reporting system and working on the process of dealing with the screening committee.
Chair thanked them for the time they have spent on this. Previous information was never passed on.

5. **Policy and Procedure Sub Committee Report**

No report.

6. **School Department Liaison Sub Committee Report**

R. August reported at the request of several members of the School Committee and met with Jim Wilkinson of the Braver Group regarding the Jamestown tuition issue. He provided copies of the Tuition Agreement and backup documentation to James Wilkinson along with a letter to the School Committee from legal counsel dated July 26th. Mr. Wilkinson and I agree that the focus of any investigation should be internal controls over the tuition payment; for example on the length of time on receiving the deposit of funds and completing the transaction and proper accounting treatment for the transaction. Mr. Wilkinson recalls that prior to the 2000 fiscal year bonds issued for the school district project were actually carried on the school department books. He was going to look into the reason for the change. Whether a legal opinion or GASB. On July 28th, he notified me they would include a test of the tuition computation and look at internal controls for no additional fees. School Committee Counsel has two opinions and on the last one pointed out some allegation of fraud and misappropriations regarding the Jamestown tuition. Legal opinion of the Counsel there is nothing that should be labeled fraud or misappropriations. She recommends that the school committee stop responding to the allegations. Mr. August made a motion and recommended that the Audit Committee consider this matter closed and allow the auditors to complete their work.
Chair asked Mr. August Mr. Wilkinson will provide us with a report.

Mr. August answered yes, it will be included in their regular work. Then, if there are any short comings in internal control that will be included.
Chair stated then the Attorney for the School Department has opined on the fact that there are no misappropriations and Jamestown School Department has contributed the correct amount of money as requested per the contract.
Mr. August referred to a section of the RIGL that states "that the School Committee is entitled to negotiate the contract with Jamestown School Department and if a section of the calculations of tuition may relates to bond indebtedness it does not imply the School Committee has to turn that money over for payment of the bond. It is merely a portion of the calculation."

R. Mazzone clarified that this is not related to a Whistleblower complaint.

Mr. August stated it was an email request from the School Committee.

7. **Correspondence** – none

8. **Public Comment**

Dick Welch does not understand why the Jamestown tuition is in the school committee's budget. Town Council is agreeing to fund our expenses. Revenue is not an issue for the School Department. Federal grants are the only things that come to the school department without going through the town. He suggested a recommendation to the auditors as to whether it should be shown on the school department's budget.
Chair expects auditors to comment on that and we can communicate that to the auditors. It goes to the accounting treatment.
D. Welch has been working to present a better contract. Have asked it to have every item have a value? Anyone could pickup in the contract what we are charging Jamestown. Lastly, suggested maybe a change in the auditors. Suggested a recommendation for new auditors.
Chair was person in charge of providing research on that. Explained the process. Received four bidders. The lowest bidder was from Maine. Not a lot of firms in Rhode Island that can do the work for our town. Their contract is up this year. We will try to come up with another approach and get the best we can.
R. August had a concern with a firm that would come from Maine and would do it dirt cheap and then feel they underbid the work. We will go out to bid and evaluate all the bids.
Chair would prefer to see a firm do it for six years. They need to become efficient not twelve years. Suggested a recommendation from the Audit Committee would help.
D. Welch suggested more term limits.
Lynda Avanzato stated regarding the recommendations that the policy subcommittee of the audit committee made regarding bidding policies will be addressed by the school committee. She hopes to have the recommendations adopted. She will get back to the Audit Committee.
D. Welch recommended that all School Committee members get a copy of the management letter from the auditors. School Committee needs to know of any problems.
R. August during the meeting with Mr. Wilkinson discussed the discrepancies between the in the head count reported in comprehensive annual financial report and the payroll records of the school department. He met with the Superintendent and asked if he or the Director of Administration signed the representation letter for the Auditors and he indicated that was not required. He was enthusiastic about doing that. He discussed that with Mr. Wilkinson including

that as part of it. Right now, the Town Manager and Finance Director sign for the town. The information provided by the school department is the best of their knowledge and belief.
P. Sunderland stated that the auditors are due to return in September.

9. **Schedule of future**

Chair suggested the first Thursday of each month through the December.
R. Mazzone asked when we expect the final audit report.
P. Sunderland answered during the month of December.
Chair suggested three meeting on the first Thursday in September, October and November. Then wait for the December meeting when the audit report is received.

10. **Adjourn**

MOTION: R. August moved to adjourn seconded by Charles Cardente.
Voted**:** Unanimous**.**