

BLOOMFIELD TOWN COUNCIL

FINANCE SUBCOMMITTEE

There was a regular meeting of the above referenced subcommittee held on Monday, **July 30, 2012 at 5:00 p.m.** in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Committee members present were: Deputy Mayor Hypolite, Councilors Rivers and Washington

Also present were: Councilor Gamble, Louie Chapman, Jr., Town Manager, William Hogan, Director of Finance, Byron Lester, Town Treasurer and India Rodgers, Clerk of Council.

Guest present were: Gerald Paradis - Blum Shapiro, Robert Berman

The meeting was called to order at 5:05 p.m.

Discussion regarding the Audit Report with Blum Shapiro

Deputy Mayor Hypolite introduced Mr. Gerald Paradis of Blum Shapiro to give updates and brief background of the audit process for the Town of Bloomfield.

Mr. Gerald Paradis of Blum Shapiro gave a detailed description of the various components with the Audit Report for the Town of Bloomfield. Blum Shapiro sent the town an Engagement Letter, which is a standard boiler plate document, explaining how the audit will be conducted, various standards, responsibilities and fee agreement between the town and this consulting firm.

This document also contains information regarding the Federal, State single audits, and the ED001 Report filed with the State Department of Education.

Deputy Mayor Hypolite requested additional information about the disclaimers of Blum Shapiro. The firm will not give opinions on internal controls; however they will test the systems of these controls to determine a level of reliance. In terms of financial statements, the amount of testing and opinions for recommendations are done when auditing.

The firm will also employ materiality factors, in which audits are completed on the basis of tolerable errors and risk assessment analysis. Within the audit, materiality factors may vary depending on the classification of accounts and associated risks. This testing is determined by industry standards. The amount of unaddressed differences is very small. There are several issues with internal controls; auditors may focus on such as:

- Material weaknesses
- Significant deficiencies
- Reportable non-compliance
- Comments & Recommendations

If any of the first three categories are present, a written report must be submitted to the town.

Mr. Paradis also identified a few other factors in the risk assessment process. The firm will conduct interviews with staff, Finance Subcommittee members and town administration. These interviews will occur during audit assessment process.

The Management Letter is used to recommend and improve town processes to be more efficient.

The Ed001 Report is not an audit; it is a document that the Board of Education files with the State Department of Education annually on how funds are spent. The report is classified as an “Agreed upon Procedures Engagement”. This report does contain any recommendations; it only reports specifics and error corrections.

Mr. Robert Berman, resident and former Town Council member inquired about who decides what belongs on or off budget? It was explained by Mr. Paradis and Mr. William Hogan, Director of Finance that reconciliation items are not budgeted. These items are categorized on a gap basis.

Mr. Byron Lester, Town Treasurer inquired about a general figure that maybe an insignificant amount based on budget recommendations. Mr. Paradis stated that all differences would be addressed with the finance authority of the town.

Mr. Paradis ended his presentation with a memorandum to the Finance Subcommittee Chair regarding this year’s audit, communication expectations and concentration on areas of focus for the Town of Bloomfield. Mr. Paradis requested that one individual be designated to communicate with the firm regarding any issues with the audit process or its findings.

The committee made a recommendation for discussion to authorize the Town Manager to sign the final audit report to the full Town Council for consideration.

Deputy Mayor Hypolite also suggested future agenda items such as: prior year’s discussion based on audit response as well as discussion regarding the monthly Financial Report including year-end status.

Adjournment

It was moved by Councilor Washington, seconded by Councilor Gamble and voted unanimously to adjourn the meeting at 6:00 p.m.