

**AUDIT COMMITTEE MEETING**  
**Kiawah Island Municipal Center**  
**Council Chambers**  
**September 6, 2016; 11:00 AM**

***Minutes***

- I. Call to Order: Mr. Wilson called the meeting to order at 11:00am.**
- II. FOIA:** Notice of this meeting has been published and posted in accordance with the Freedom of Information Act and the requirements of the Town of Kiawah Island

**III. Roll Call:**

Present: John Wilson, Chairman  
Andrew Capelli  
Jim Williams  
Roland Hoffman

Also Present: Stephanie Tillerson, Town Administrator  
Dorota Szubert, Town Treasurer  
Larry Finney, Greene, Finney, and Horton  
Emily Sobczak, Greene, Finney, and Horton

**IV. Approval of Minutes:**

**A. Minutes of the May 6, 2016 Audit Committee Meeting**

Approval of minutes was deferred to the next meeting.

**V. Old Business:**

None

**VI. New Business:**

**A. Discussion with Auditors Regarding the FY 2015-2016 Audit**

Mr. Finney began the discussion by stating this year audit went well and will bring better news than last year's audit. He stated a good deal of the control area had been resolved and Mrs. Szubert was in the process of assembling an accounting manual to document the policies and procedures in place going forward. He complimented both Mrs. Szubert and Ms. Tillerson for all their hard work.

Members engaged in an in-depth discussion of the increase in the pension liabilities, the options the State could take to resolve the issue, the reclassifying of deputy salaries in this year's audit, collection from the State of misdirected Freshfields Local Accommodations Taxes, and the recovery of compensation losses.

Mrs. Sobczak, along with Mr. Finney, reviewed the PowerPoint presentation which will be presented to Town Council and a draft of the Comprehensive Annual Financial Report (CAFR). Some of the items discussed were:

- ✓ Town and Accountant's responsibilities,
- ✓ Opinion – The Town received an unmodified opinion,
- ✓ General Fund expenditures and revenues,
- ✓ Individual fund balances,
- ✓ Capital assets,
- ✓ Compliance and other items of note,
- ✓ New accounting standards,
- ✓ Management Letter,
- ✓ ATAX funding.

#### **B. Follow-up on Control Areas Identified by the Audit Committee**

Committee Members questioned if the multitude of deficiencies identified during the previous year's audit had been addressed. Mr. Finney stated that during interim work done by the auditors, follow-up of the finding was not only verbally tested but the policies and procedures were physically tested.

Mr. Wilson presented his Outline of Fleet Manager Function. He stated the responsibilities Fleet Manager would include to:

- Acquire and see to the secure storage of critical documents, including titles, original bills of sale, copies of registration, insurance ID cards, and insurance policies.
- Maintain a file, by vehicle, of maintenance receipts, fueling cards/agreements, operating manuals and warranties.
- Maintain a record of all necessary maintenance, recall actions and warranty repairs by vehicle and schedule maintenance at the most efficient location as mileage and time requires.
- Maintain statistical reports, files and other records related to maintenance, repairs, depreciation, mileage, and other relevant data.
- Possess the keys to all vehicles and maintain a log of which employee has requested a vehicle, the time it went out and the time it returned. Keys are to be returned to the Fleet manager at the end of the workday unless the Administrator has signed an approval for an employee to retain a vehicle.
- Cause all vehicles to be equipped with GPS tracking devices and conduct a review, at least monthly, of the usage patterns recorded. Any issues/concerns are to be reported to the Administrator and Mayor in writing. This information will help provide a basis for procurement recommendations.
- Will conduct ongoing research on the types of vehicles that best meet the Town's requirements at the least cost. Cost factors include fuel efficiency, depreciation patterns and repair records. Based on this information, replacement times, by vehicle, will be recommended.
- Prepare, as necessary, RFPs for replacement vehicles using the research and usage data compiled. In no case will the RFPs require any specific manufacturer or dealer, but will list capabilities needed to meet the Town's observed needs. Upon receiving bids, the Fleet Manager will evaluate the bids, using criteria required in the RFP, pricing and trade-in values and make a recommendation to the Administrator for presentation to Council.
- Working with the Treasurer, will develop the recommended annual capital and expense vehicle budget by analyzing and reviewing the financial data and by controlling and authorizing the expenditures.

Members discussed the need for another employee as a Fleet Manager and if the responsibility should rest with the finance department. Ms. Tillerson reviewed the policies and procedures in place which cover the items listed. She also reviewed the procurement process followed in the recent vehicle purchases and the disposal/resale of the vehicles that are being replaced.

**VII. Chairman's Comments:**

Mr. Wilson thanked Mrs. Szubert and Ms. Tillerson for all their hard work.

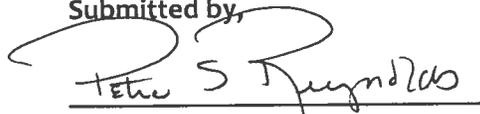
**VIII. Citizen's Comments:**

None

**IX. Adjournment:**

*Mr. Wilson made a motion to adjourn the meeting at 12:30 pm. The motion was seconded by Mr. Williams and was unanimously passed.*

Submitted by,

  
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Petra S. Reynolds, Town Clerk

Approved by,

  
\_\_\_\_\_  
Diana Mezzanotte, Chairman

4/26/17  
Date