

AUDIT COMMITTEE MEETING
Kiawah Island Municipal Center
Council Chambers
May 2, 2016; 2:30 PM

Minutes

I. Call to Order: *Mr. Wilson called the meeting to order at 2:30.*

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

IV. Approval of Minutes:

A. Minutes of the November 30, 2015 Audit Committee Meeting

Mr. Capelli made the motion to approve the minutes of the November 30, 2016 Audit Committee meeting.

B. Minutes of the December 15, 2015 Audit Committee Meeting

Mr. Capelli made the motion to approve the minutes of the December 15, 2015 Audit Committee meeting. The motion was seconded and unanimously approved as amended.

V. Old Business:

None

VI. New Business:

A. Status update on the recommendations from the FY 2014/15 audit, with discussion.

Mrs. Szubert reviewed the recommendations from the fiscal year 2014/2015 audit indicating which were corrected or still a work in progress. Discussion included:

- Reconciliations are made on a monthly basis, reviewed, and approved by Ms. Tillerson, in binder for review
- Reconciliation sheet set up for investment allocations, reviewed and approved by Ms. Tillerson
- Making and Recording deposits on a daily basis - has been improved, still working on process for the depositing of business license checks in a more timely manner. Members proposed a copy of the check be made to accompany the business license with the actual check transferred to finance for deposit. Ms. Tillerson

indicated the process would be more streamlined once the conversion to on system is completed.

- Process of who receives checks
- Checks should be deposited within 24 hours of receipt
- Internal Controls Manual — work in progress after completion of budget but controls have been implemented
 - All invoices are accompanied by a check request or purchase order with approval signature
- Check register
 - Checks are cut every week.
 - AP clerk makes entries, prints register which is reviewed by Ms. Tillerson and then reviewed by Mrs. Szubert before checks are ordered
 - Registers are posted for public inspection
- Vendors are set up by Finance staff but approved by Mrs. Szubert
- Copies of checks are attached to invoices
- Once the year is closed Mrs. Szubert will accrue and report receivables and payables
- Payroll
 - Processed by ADP
 - Ms. Dubois prints time cards for review
 - Ms. Tillerson reviews for approval of overtime and documentation of missed punches or PTO
 - Mrs. Szubert reviews and approves payroll registers
 - Reports can be produced to review changes to employees or employee compensation
 - Discussion of the ADP system
- All time sheets are signed, approved, and placed in a binder
- All contributions are done timely once a month
- Ms. Tillerson will be completing employee evaluations
- All filings are on time
- Preparation of a monthly budget to actuals which includes a cash report
- Preparation of 2016 and 2017 budget plus 5 years projections
- Credit cards
 - Use of credit cards is limited
 - All charges have supporting documentation
 - Reviewed and Reconciled on monthly basis
 - Limited cardholders with lower credit limits

B. Review of the 9 months ending 3/31/16 TOKI financials.

Mr. Wilson stated the presented financials are still being refined and changes still being made but represents a tremendous improvement over previous financial statements. Mrs. Szubert explained the reason for some the figures she used in the report. Members discussed in detail accrual versus cash reporting and the budget to actuals monthly reporting requested by the Ways and Means Committee. Mrs. Szubert reviewed in detail

the financial report giving an explanation of the variances and addressing any member questions or concerns. Ms. Tillerson explained the process by which the decision was made to transfer the building services provided by SAFEbuilt in-house retaining the existing staff who will be transitioning to Town employees as of July 1st. She also explained the projected revenues which will be attributed to the transfer.

C. Comments/Recommendation from Committee members.

A recommendation was made that a member or members of the Audit Committee are available as a whistleblower contact in the event that the individual felt they could not go to management or Council. Mrs. Szubert added that one of the items the auditors recommended was that the Town develop a Fraud Prevention Policy.

VII. Chairman's Comments:

Mr. Wilson thanked everyone for attending the meeting. He stated there were still things to do but he was happy with progress made thus far. He stated he attended a meeting with a bank this morning to discuss a loan for the New Town Hall. He indicated the bank was very favorable and happy with what the Town has done and the controls which have been put in place.

VIII. Citizen's Comments:

Dennis McGill — 100 Pleasant Valley Drive

Mr. McGill asked if when the work on the Internal Controls Manual was completed if it would be made available to the General Public.

Mrs. Szubert responded that it would.

Mr. McGill stated that in the Greene Finney report and some other documents, in the Finance Department, other than the designation of Treasurer and the designation of clerk, there is the designation of an Accountant. He questioned if the designation was for a CPA or just a title for someone that does accounting work.

Mrs. Szubert stated that the Accountant was a temporary position but that both Ms. Dubois and Ms. Fortson have accounting degrees.

Mr. McGill point out that previously payroll was not issued on time and questioned if all the salaried employees were being paid at the first of every month.

Mr. Wilson and Mrs. Szubert stated payroll was issued automatically for salaried and hourly employees.

Mr. McGill recalled the earlier comment made about the ACE Hardware account and questioned if the Town had credit cards with many of the local vendors along with the American Express card.

Ms. Tillerson clarified that account with ACE Hardware was not a credit card account, but a charge account. She also indicated the Town has an account with Harris Teeter but no other credit cards.

Mr. Wilson added that the American Express cards as well as all the high limited credit cards have been canceled.

Mr. McGill questioned if time sheets were being religiously used now and he noted that they were not used on a routine basis in the past.

Mrs. Szubert confirmed the use of time sheets.

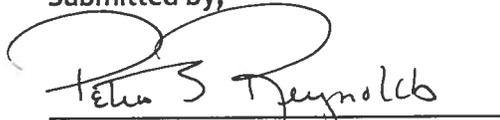
Mr. McGill stated in the past salaried employees did not submit a written report of weekly or monthly accounting of their time.

Mr. Wilson and Ms. Tillerson stated salaried employees do not clock in and out.

IX. Adjournment:

Mr. Capelli made a motion to adjourn the meeting at 3:55 pm. The motion was seconded and was unanimously passed.

Submitted by,

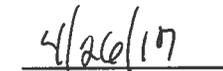


Petra S. Reynolds, Town Clerk

Approved by,



Diana Mezzanotte, 2017 Chairman



Date