

MINUTES

SPECIAL MEETING

Tuesday, May 21, 2019 at 7:00pm
Flaherty Room – Seymour Town Hall

Members Present: Jim Cretella, Richard Demko, Kristyn Hanewicz, Beverly Kennedy, Bill Sawicki, John Stelma

Members Absent: Heather McDaniel

Others Present: Doug Thomas, from Blum Shapiro: Alaina Clausen, Jeffrey Ziplow, Leslie Zoll; from RSM: Scott Bassett and Lauren Davis

Item #1 – Call Meeting to order

Chairman Bill Sawicki called the meeting to order at 7:00pm.

Item #2 – Pledge of Allegiance

Everyone saluted the Flag and recited the Pledge of Allegiance.

Item #3 – Public Comment

None

Item #4 – Presentation, Discussion & Take Possible Action on Auditor's Contract for the Town by Blum Shapiro and RSM

Presentation by Blum Shapiro by Alaina Clausen, Jeffrey Ziplow (Risk Management), Leslie Zoll (Engagement partner assigned to Seymour – primarily responsible for audit – 26 years' experience):

- Leslie Zoll: 500 employees; CT, MA, RI. Largest regional accounting tax & business advisory firm in the area.
- Good quality firm, use innovation, all partners & staff give back to the community.
- Purpose statement: Empowering our world to create success & satisfaction.
- Proactive & responsive to our clients; partner & manager involvement.
- Currently audit about 45 municipalities in the state of CT. Fully dedicated team. There are four partners working on government. 14 managers & supervisors. Dedicated advisory team dedicated to government.
- Jeff Ziplow: when perform an audit bring in specialized people to take a look at I.T .securities and controls. Core group of I.T. auditors – technology issues & cyber security over financial systems & school systems, revenue collection systems – overall systems. Certified System Auditors will come in and speak with I.T. Director to talk about security controls. We have a government advisory services practice – work with municipalities on cyber security, operations & controls, technologies. Most of our time is spent in the government area.
- Alaina Clausen: Audit timeline transition to different auditors
 - Scheduling process – reach out to find time to come out
 - Review previous audit (June)

- Risk Assessment (August) – Risk based approach – discussions with members of management & accounting employees to get an idea of the controls, policies & procedures of the Town. Shape the audit from there.
- Final Field Work – facilitate communications with everyone. Document portal – exchange documents securely.
- Wrap Up Stage – Alaina will review work done by staff; Leslie will do the partner review; concurrent reviewer. Will meet 12/31 deadline.

Questions for Blum Shapiro:

- ❖ Beverly Kennedy asked: how many people on the team? 4 on the Audit Team
- ❖ Bill Sawicki asked: do you have any difficulties servicing all 45 municipalities? We have a large bench of resources: 4 partners (additional 5th retired), 14 managers, and have never not gotten a report out due to Blum.
- ❖ Bill Sawicki said Seymour has about 16,000 people, \$56 million budget and our bond rating is AA+. Do you see any issues that you are looking at for us? We have a hefty OPEB Plan; also, the assigned Fund Balance is a little lower than some of the other areas.
- ❖ Also, in the future we should discuss “shared services”. Bill Sawicki said that Seymour is already doing this with the I.T. Department and Public Works department. We have worked on integrating the different departments together, including the Board of Education. Nothing on Regional sharing so far.
- ❖ Bill Sawicki asked: What is your greatest strength? Our strength is our people – our dedicated government team works hard to give quality service. What is your greatest weakness? Always we can have more room for training and being pro-active.
- ❖ Bill Sawicki asked if Blum Shapiro had any questions for the Board of Finance or the Finance Director at this time? Leslie Zoll asked: What is your biggest challenge? Doug Thomas said compiling all the information and getting it into the financial statements. The Finance Department is down to just 3 people. We are in process of looking for different financial software. Were using Phoenix, but it is being phased out.
- ❖ Richard Demko asked who the largest municipality is that you work with? Leslie said Bridgeport or Stamford.

Discussion on Blum Shapiro:

- Bill Sawicki said that they are really working on 57 municipalities. My concern is that they may not have the resources to devote to us. These people have been with them only about 6 years.

Presentation by RSM by Scott Bassett (Partner) and Lauren Davis (Senior Director):

- Scott Bassett – Partner – 100% of time in public sector; specialty is in state of CT
- Lauren Davis – Senior Director – 80% of time in government, 20% in commercial
- 5th largest firm in the country – over 10,000 people in 85 cities – large bench of people. Former systems superintendent will address I.T. issues.
- Pride ourselves on client service – offer an array of services. We are involved in many community services.
- Dan Bennet is second party reviewer – from Boston Office
- 25-30 municipalities in CT
- Seymour is very pro-active; management takes step to build fund balance.
- Lauren said that they do a risk-based audit approach. We look at some of balance sheet but also the income statement. What are the significant risks?

- Understanding phase – try to gain understanding of all internal controls - how things are done in the town, sewer, and the Board of Education. Then will base our procedures on that understanding.
- Test of controls, details, compliance work, evaluation of everything.
- Delivery of the Deliverables
- For Board of Education – need to check and see how things changed since Rick Belden has left (Fraud Risk Assessment)
- Will tailor the audit approach based on what we know, what we learned about current year based on key transactions, key turnovers, capital assets, capital expenditures.
- Communicate with the Town during the audit.
- Benefit to having worked with you before. Fresh plan every year. Have team meetings.
- RSM Collaborate – secure portal; we will work to make this more organized. Can restrict rights on some folders.
- We are easily reachable; would continue to be a good fit for Seymour.

Questions for RSM:

- ❖ John Stelma asked: What are some of the challenges you foresee for us? Scott Bassett said that we have planned our fund balance at about 2 or 3% but need to continue to manage this. Also, the health insurance is always a challenge – no one can predict what will happen, and the pension situation – ups & downs, and state revenue is always a variable. Internally, Rick Belden leaving will be something we'll need to look at. Will look at the energy lease.
- ❖ Beverly Kennedy asked: our financial software will be outdated soon. Can your firm recommend anything? Will look at the needs of the Town first. Then will look to see what is out there that will fit us. A big thing would be to use the same system for the Town and the Board of Education.

Discussion on RSM:

- Bill Sawicki said that regarding the software situation – needs to be done carefully. Can Art make a valid suggestion about what the Board of Education will need? Bill asked Doug to keep him in the loop on progress of decision. A lot of money is involved in this – well over \$100,000. Bill asked Doug to get information on three or four different companies and set up some presentations.
- We should get a system that can expand – purchasing, payroll, job costing, etc. different capabilities.
- Richard Demko asked if we could have a discussion about the two presentations from tonight. Blum Shapiro had a very good presentation. Change – Rick Belden is gone from Board of Education – starting with a new person. If we went with Blum, would be starting with a new audit firm. On the other hand, RSM know us, and our finances. But if we were going to make a change, now would be good. Their services for I.T. cyber security seemed very good. RSM did not have as detailed of a discussion.
- John Stelma – asked about the relationship between the Board of Education and RSM? Were they open to changes that we had? Bill Sawicki said that any audit firm need to adapt to any changes in staffing. He said that most likely the new person would not make huge changes. RSM knows what was done and why so they could answer any questions the new person may have. Also, they would know what would work for us and wouldn't. Beverly Kennedy said that staying with RSM may be able to identify any issues with the new person that Blum may not be able to do since they are still learning our system. It may not be a good choice to replace the auditor and the Board of Education Finance Director in the same year.
- Bill Sawicki said that RSM has a wealth of information available to them, have more resources. They have an I.T.Cyber Team, they do good work, stay in communication with us. They offer the same stuff that Blum offered, and they know us. One of the things that Scott brought up that Blum didn't was the new Yellow Book coming out on Government Auditing Standards. Auditors can only do so much

