

Town of Hampton
Board of Finance
Regular Meeting
Tuesday, September 4, 2012
7pm
Hampton Town Hall

Meeting Minutes

Call to Order: The meeting was called to order at 7:02pm by Chair Rheo Brouillard.

Members present: Rheo Brouillard, Margaret Haraghey, Stan Crawford, Paul Wakely, Luciann Norton (7:09pm); alternates present: Dan Meade, Jeff Clermont (7:05pm)

Members/alternates absent: Penny Newbury, Thayne Hutchins

Others present: Al Cahill (1st Selectman), Ellen Rodriguez (Treasurer), Bob Grindle (Selectman), and Kathi Newcombe (interim recording clerk).

Dan Meade was seated for Penny Newbury.

Approval of Minutes: Margaret moved and Dan seconded to approve the minutes of 7/1/12; Al suggested a correction to the letter from OPM, fiscal year 2011-12 should read 2010-11; motion passed unanimously as amended.

Citizen Comments: None

Additions or Changes to the Agenda: None

Auditor Presentation: Marcia Marien, partner at O'Connor Davies gave a Powerpoint presentation of the role of the Board of Finance and the town auditor in the budget process and what types of questions should be asked.

Jeff Clermont arrived at 7:05pm and was seated for Luciann Norton.

Ms. Marien discussed that Boards of Finance are governed by State Statute unless the town has a charter; Hampton does not have a charter. The Town Attorney's opinion and interpretation is the highest level of authority in the case of conflict or ambiguity.

Luciann Norton arrived at 7:09pm. Dan was asked to be "unseated" since he was seated at two previous meetings, a request to which he agreed; Jeff was then seated for Penny Newbury.

Ms. Marien went on to state that the accounting rules which must be followed are set by Government Accounting Standards Board and discussed the roles of the various entities in town government. The *Board of Selectmen* previously had the responsibilities now vested in the Board of Finance. They still set the Tax Collector's bond and approve abatements of taxes, as well as making the decision about what banks to invest in and signing the checks. The *Treasurer* receives funds and keeping record of such, as well as that of monies spent; he/she signs the checks verifying that there are adequate funds to cover the expenses, invests town funds and has responsibility for borrowing and financial disclosures for the

town. The *Board of Finance* causes the budget to be prepared, approves additional appropriations and transfers, sets the property tax rate, oversees the finances, and determines how the financial records should be kept; also, the Board of Finance hires the auditor, acts as the audit committee and publishes the Annual Town Report.

Ms. Marien then discussed five entity-wide controls to discourage fraud and misrepresentation, using topical stories and anecdotes to illustrate each point:

- Control environment (have proper tone, take time and care with financial consideration, be role model for what is expected from the rest of the town departments and boards, create and act by mission statement / code of ethics – Hampton has both of these)
- Risk assessment (look where risks are, see how funds are handled, keep in mind the three components of fraud risk: opportunity, pressure, and rationalization, determine factors which may increase risk (e.g. foreclosure, substance abuse))
- Establishment of controls (segregate duties in authorization, record-keeping, and custody of funds, secure assets and records, make periodic reconciliations and verifications across departments, and establish timely reports and analytic review)
- Information and communication systems (assure that all duties and responsibilities related to controls are documented and followed, prepare comprehensive manuals)
- Monitoring of controls (both implicit in procedures and checking after-the-fact by audit committee or internal auditor)

Ms. Marien will return next month to provide specific figures and reporting information concerning the town's 2011-2012 audit; she also discussed the purpose of each portion of the audit report.

Ms. Marien distributed a questionnaire to each member that she asks be filled out and returned to her. She also discussed the progress being made concerning the material weakness noted in the last audit report; she suggested reviewing each department's manual to assure that they reflect how the procedures address the questions of internal controls and what processes exist to monitor the procedures to assure they comply with the controls.

Jeff asked why so many small towns have no charter; Ms. Marien responded that the cost of and the time involved in establishing a charter sometimes can be prohibitive. She also said that a charter would clarify the ambiguous portions of the statute that now require clarification from the town attorney. It could also establish other authorities not specified under the statutes and establish some of the town positions as appointed rather than elected officials, doing more to assure professionalism. She gave examples of Salem and Columbia as small towns with a charter – any town with an authority other than a Board of Selectmen must have established a charter. She explained that a town with a charter could still operate under the authority of a Board of Selectmen as long as the charter specified such; however, if a town wants any other authority besides a Board of Selectmen as specified in the statutes, the town would have to adopt a charter specifying that authority (such as mayor, town manager, etc.).

Reports:

- First Selectman:
Al requested action on two transfers (one to cover purchase of skid steer in 2011-12 budget, and one to consolidate a number of lines to account for the outsourcing of animal control functions) as well as some new transfers.
Stan Crawford moved and Margaret Haraghey seconded to approve all transfers recommended by Treasurer Ellen Rodriguez for both the 2011-12 and 2012-13 budgets; passed unanimously (see attached document reflecting transfer detail).

Al also pointed out line item 6100-15 which has been totally spent on a portable generator to power the town hall to cover risk management of a power outage. There will be grant opportunities for revenue to offset the expenditure.

- **Tax Collector:**
After some difficulty in locating the Tax Collector report; Al discovered it in the Administrative Assistant's office.
Per Al, Tax Collector Harry Baum is \$94,000 ahead of this time last year in collections. The Board reviewed the full report. Rheo suggested the addition of what is expected to be collected at the July payment and the January payment to make it easier to determine how close he is.
- **Treasurer:**
Ellen supplied a balance sheet and a comparison of budget-to-actual through 8/12, as well as profit-and-loss by class with balances to date.

It was determined that the Board of Finance needs a mail slot or depository for incoming correspondence.

Correspondence: None

Old Business: None

New Business:

- **Newsletter:** Rheo would like to report in a newsletter to the Hampton Gazette every month if possible and had distributed the first newsletter for comment.
- **Charter:** Rheo distributed a draft of a charter for the Board of Finance and asked members to review and comment.
- **Areas of interest:** Rheo also suggested that any members who have an interest in any of the boards or commissions in town attend their meetings, ask questions and bring information back to the full Board of Finance; this would be in lieu of the Chair assigning a member to each of the boards, commissions and departments.
- **Recording Clerk:** After discussion of responsibilities and comparison of hourly rates of other town recording clerks supplied by Ellen, Margaret Haraghey moved and Paul Wakely seconded to hire Kathi Newcombe as Recording Clerk at the rate of \$15/hour; passed unanimously.

Citizen Comments:

- Vi Marquis saw over \$5,000 was returned to the town by the Board of Education and asked what happened to the rest of the \$22,000 the Board of Education intended to transfer to the 2012-13 fiscal year. Al responded that the Board of Education spent the rest of the funds.
- Vi Marquis also noted that the school had replaced their stove and refrigerator and wondered where the funds came from; Al responded that it was probably covered under the Building & Grounds portion of their budget.

Suggestions for next Agenda:

- Audit report from Marcia Marien.
- Rheo suggested scheduling presentations of their procedures from each of the entities that receive funds from the town in order to determine how they satisfy internal controls; Rheo will ask the Tax Collector to present his procedures at the next meeting. Other areas mentioned

were the Transfer Station, the Town Clerk, the Building Department, the Recreation Commission, Youth Sports Committee, the Fire Department, and the Ambulance Corps.

- Luciann brought up the question of setting the salaries for the Board of Selectmen; Rheo suggested that salary grades and scales, along with job descriptions, should be formalized for the town – a salary administration program.
- Margaret suggested looking into bringing up to the town the appointment rather than election of some of the town officials.
- Timing of the request letter to departments and boards for their contribution to the Annual Report
- Timing of the budget request letter to departments and boards.

Set the Date, Time and Place of next meeting: Tuesday, October 2, 2012 at 7pm at Town Hall

Adjourn: Meeting was adjourned at 8:55pm.

Respectfully submitted,
Kathi Newcombe,
BoF Recording Clerk