

**Audit Review Committee  
Meeting Minutes  
July 25, 2008**

The Bethany Beach Audit Review Committee held a meeting on Friday, July 25, 2008, in the Town Meeting Room.

Members present: Don Doyle, Chairman, who presided; Lew Killmer, Joe Healy and Chuck Peterson.

Also present: Herb Geary and Roy Geiser, of Trice, Geary & Myers; Janet Connery, Finance Department; Phil Rossi, Internal Auditor; JoAnna Nichols, Administrative Secretary; and interested members of the public.

Call to Order

Mr. Doyle called the meeting to order at 9:30 a.m.

Approval of the Agenda

Mr. Killmer made a motion to approve the agenda. The motion was seconded by Mr. Healy and unanimously approved.

Approval of the minutes from the May 8, 2008 meeting

Mr. Killmer made a motion to approve the minutes. The motion was seconded by Mr. Peterson and unanimously approved.

*Report by accounting firm of Trice, Geary & Myers LLC for this year's audit of the Town's financial statements*

Once again, Mr. Geary praised the Town for the great work done this year. He said there were no deficiencies or signs of weaknesses in any area and was happy to report everything went very well. The receivables were good, and once more Ms. Connery did a fabulous job with all the numbers.

Mr. Geary reviewed the standard 114 draft audit letter, which is a mandatory communication. He was pleased to report there were no areas of concern.

Due to changes with pension and other post employment benefits, Mr. Geary said the Town can expect to see the affects during the FY 2010 audit. He added that a number of small government agencies are stopping their post employment benefits but are compensating salaries in exchange. Most employers are realizing what a large liability these kinds of benefits carry. The Town is currently working with Terry Jaywork to write a policy on post-employment health insurance.

Mr. Healy added that once the policy has been settled, an actual calculation will need to be done. This determines the initial liability which is amortized over a 30 year maximum. Mr. Healy further stated he thinks it should be reduced to 10 years.

Before moving on, it was announced that a joint meeting between the Audit and Budget Committees may be held to discuss the implementation of GASB 45, however, no date was scheduled at this time.

Questions/comments by Audit Committee (e.g. scope, costs)

A question was posed by Mr. Healy as to whether or not the budget amendment for the pension buy-in this past year was officially approved by Town Council.

In answering that question, it was stated that although Council knew the cost, however the buy in has not yet been approved. Mr. Dorfman added that he may ask the Council to make this amendment retroactive.

Changes to be made:

Mr. Healy asked that on Page 28, section E, a #7 be added, which states changes are made occasionally throughout the year by Town Council.

Mr. Killmer asked that on Page 10, #6 be the same format as used through numbers #1 - #5 giving the total amount, etc.

Mr. Doyle asked that a change in the wording be made to page 13, 2<sup>nd</sup> paragraph, in the first two sentences. He prefers *not* to use the expression 'breaking even' since the new rates will exceed the even level.

Any other matters

Mr. Rossi reported that as Internal Auditor he reviewed the procedures of the police department and building inspector's office. He found the Police Department policies to be very comprehensive and noted that the department received a high ranking from the CALEA's accreditation program. The police officers themselves do not collect any payments. The dispatcher has a change box, which is verified yearly. Mr. Rossi had no recommendations for changes in the Police Department.

Mr. Rossi added he had some concerns after further review of the procedures done in the building inspector's. Since permit records are currently being kept in a handwritten log, which can be difficult to read and are not always accessible for others, he suggested computerizing them. He added, having it available to the Finance Department as well as Code Enforcement would be very helpful.

Before closing, Mr. Rossi conveyed his concern that right now Mr. Eckrich is the only individual who collects payment, issues the permit and decides on the fee amount. From an auditor's point of view, Mr. Rossi believes there is too much of an opportunity for employee theft. He recommended the procedure be changed so payment is collected by another employee.

Committee members agreed that with Mr. Doyle's assistance, he and Mr. Rossi will write a memo to the Town Manager asking the above changes be made. Ms. Connery offered to create a spreadsheet which might be helpful.

*Motion to adjourn*

No date was set for the next meeting. The meeting was adjourned at 11:05 a.m.

Respectfully submitted:

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JoAnna Nichols  
Administrative Secretary