

**MONTGOMERY-OTSEGO-SCHOHARIE SOLID WASTE
MANAGEMENT AUTHORITY**

AUDIT COMMITTEE MEETING

DATE: May 14, 2008

LOCATION: MOSA Administrative Complex, Howes Cave

MEMBERS PRESENT:

Olga Podmajersky
Philip Skowfoe
John Mattas

MEMBERS ABSENT:

OTHERS PRESENT:

Gilbert Chichester
Barbara Corrigan
Edward Wesnofske

1. Opening

Chairperson Podmajersky opened the meeting at 10:59 a.m.

Ms. Podmajersky requested that items 4 & 5 be switched on the Agenda

Mr. Mattas moved to approve the Agenda

Mr. Skowfoe seconded

Agenda was adopted all in favor

2. Approve minutes for last meetings October 18, 2007 and December 5, 2007

There was discussion clarifying details of the minutes.

Decision to have minutes stand as issued due to change in committee members

3. Review of Charter for the Audit Committee

Ms. Podmajersky noted that the committee was required to review the Charter once a year. She did not feel this needed to be done now but indicated there are three main responsibilities:

- a. **Auditors**
- b. **Internal Controls**
- c. **Spot Check Reviews**

Ms. Podmajersky also reviewed information from the Public Authorities Accountability Act to ensure that the responsibilities that were required to be performed were addressed.

The Charter indicates the committee should meet a minimum of 2 times per year her goal is 4 or possibly 5 times during the year.

The Charter currently states the committee approves the engagement letter and hires the auditors. Ms. Podmajersky believes the committee should recommend the Auditors to the Board so the engagement procedures adhere to the Authority's Policy's.

Mr. Skowfoe made a motion that the Changes in the Charter to reflect that the committee recommend the auditors and their compensation to the Board for the Board's approval.

Mr. Mattas seconded the motion

All in favor.

Mr. Mattas questioned why the Internal Audit function was not addressed in the current charter.

Ms. Corrigan indicated that no internal audit function existed within the staffing structure. Controls are built into the current staffing there is not a separate distinct department for internal audit.

Ms. Podmajersky will review the sample charter which includes the statements on Internal Audit function.

Mr. Wesnofske asked if written Internal Control documents, such a statement is needed, and should be reviewed and approved by the Audit Committee. Areas such as vacations and processes should be documented.

Mr. Chichester noted that staff needs to work on this and follow it through. Ms. Podmajersky asked what procedures we do have. Ms. Corrigan commented that management is in the process of reviewing the policies and procedures. Ms. Podmajersky believes the spot checks will help, Ms. Corrigan agreed.

Mr. Chichester indicated that management would go through the current policies in detail identifying what we have and reviewing them for accuracy.

Ms. Podmajersky recommended creating a flow sheet to show the way the money goes.

Mr. Mattas questioned what policies and procedures were pending and under the directions of what committee. Mr. Chichester shared that the Finance Committee would be reviewing the financial policies as they deal with Policy on Financial matters and Audit committee assures the policies are being followed.

Ms. Podmajersky asked if the audit committee was responsible for auditing things other than financial area. Mr. Skowfoe believed the committee should be responsible for all policies and procedures. Ms. Podmajersky noted that she would continue to review responsibilities and that she would check the comptrollers report.

4. Review Activities of the Audit Committee in 2007

Ms. Podmajersky reviewed the activities of the Audit committee during the previous year. She noted that the credit card statements were reviewed, cancelled checks, gas boy, and telephone records.

Ms. Podmajersky indicated that she felt it would be good practice to rotate the weigh station operators. She expressed concern that no one was available then gas was delivered to verify delivery. This led to conversation about the Gas Boy System how it works and the reports that are available from the system. Ms. Podmajersky concluded the discussion by stating the committee would check every aspect of the system.

Mr. Mattas made a motion that the committee recommend to the Finance Committee that a time line be established for review of policies and procedures.

Mr. Skowfoe seconded the motion

All in favor.

Mr. Mattas made a motion that scrap trailers are weighed when they are coming in and going out.

All were in favor.

5. Review Independent Audit Process

Ms. Corrigan walked through the audit process beginning with the review of an engagement letter, preliminary field work in Oct/Nov taking one week and Final fieldwork in late Jan/Feb for another week. There are interviews with Board members to determine fraud risk during the preliminary portion of their work.

Ms. Podmajersky asked the committee if they wanted to go out for quotes. She felt that the new partner did a thorough report. After further discussion based upon the cost and Authority policies it was determined that going out for quotes was necessary.

Mr. Skowfoe made a motion that the Authority go out with an RFP for the auditors.

Mr. Wesnofske questioned if they should add a preference for auditors with Solid Waste Experience. Mr. Skowfoe responded that accounting is accounting and it made no difference what is being audited.

There was discussion regarding the process and cost related to going out with an RFP.

Mr. Mattas seconded Mr. Skowfoe's motion

All in favor.

Mr. Wesnofske added that some qualifications should be included in the specs.

6. Establish relationship with management staff for records review

Discussion began with what records should be reviewed these items are listed below with others to be considered on an ongoing basis.

- Credit Card statements
- Checks
- Telephone bills
- Vehicle Use
- Gas boy systems and procedures
- Purchase Receipts
- Inventory of Equipment
- Review large expenditure areas
- Outstanding Accounts
- Payroll Preparation
- Payroll documentation
- Time Keeping – vacation, sick leave etc.

It was determined these reviews should be arranged through the Executive Director.

There was discussion regarding procedurally how the committee should proceed. The decision was made that the three members would review three separate things during the same time period, allowing for a second set of eyes if there is a question.

When the date and time are determined through Mr. Chichester the items to be reviewed would also be established and the time frame to be reviewed.

A time and date would be established on May 22nd to review credit cards, telephone records and bank statements for the time frame beginning January 1, 2008 through the current date.

7. Other Business

Mr. Mattas wanted it documented in the minutes that that a memo that was sent to staff regarding the accessibility of facilities to Board Members has been investigated by the County Attorney and Others who have indicated that the memo was not conducive to the law.

Mr. Chichester indicated that this would be addressed at the Board meeting.

8. Closing

Mr. Mattas motioned to adjourn the meeting

Mr. Skowfoe seconded the motion

The meeting adjourned at 12:32 p.m.

Respectfully submitted,

Gilbert L. Chichester,
Executive Director