

MINUTES
SELECT BOARD MEETING
TOWN OF COVENTRY

Monday October 10th, 2016 at 5:00 p.m.

Board Members Present:

Michael Marcotte / Chairman; Bradley Maxwell; Scott Morley

Town Officials Present:

David Gallup/ Road Commissioner; Amanda Carlson/Select Board Clerk
Lyell Reed /Lister

Guests:

Jeff Graham; Thomas Bouler; Joanne Desrochers; Richard Lussier; David Barlow; Leo Piette; Israel Sanville

Press:

Elizabeth Trail / Barton Chronicle; Chris Roy / Newport Daily Express

- 1. Meeting called to order at 5:01 p.m. by Michael Marcotte.**

- 2. Approve the minutes of the October 3rd, 2016 meeting.**
 - Bradley Maxwell made the motion to approve the minutes as written. Seconded by Scott Morley. The Board signed and approved the minutes as written.

- 3. Allow for public comment.**
 - No public comment.

- 4. Michael Paradis to discuss contract with Newport Ambulance Service Inc.**
 - Michael Paradis not present. Board agreed unanimously to move along the agenda until representatives from the Newport Ambulance Service arrived for discussion.

Scott Morley made the motion to move agenda item #9 up to allow Lyle Reed to speak so he can leave for another appointment. The Board agreed unanimously to amend the agenda and allow Lyle to speak.

9. Town Treasurer acting as employee to Listers

- Scott Morley explained that the Boards concern with Cynthia Diaz acting as the listers assistant, is that it promotes a lot of responsibility within the Town office filtering through one person. He explained that the situation report provided by the State Auditor Tom Salmon, indicated that there was some vulnerability for the Town to have one person conducting both sides of a job throughout the connecting offices of Lister and Treasurer,
- Lyle Reed feels that Cynthia's understanding of the time lines and computer system make her an ideal candidate for the Listers office.
- Scott Morley provided Lyle Reed with the audit reports by Tom Salmon and Gene Besaw and asked that he read and consider the recommendations made within the report highlighting how the Town could suffer from one person assuming too many roles.
- Jeff Graham explained that the reports mentioned both suggested that allowing one-person access to both sides of the system could allow for manipulation of the system and he was in agreement that segregation of duties was important for security.
- The Board confirmed that the Listers office had the budget to hire an employee.
- Scott Morley also commented that the hiring of employees is a different labor classification than elected officials. Elected officials do not qualify for unemployment insurance where hired employees do. Cynthia Diaz's checks were not separated to indicate which role she was performing as they should have been.
- Lyle Reed agreed to review the reports and consider the Board's recommendations.
- Jeff Graham agreed to contact Lyle Reed when he had completed more of his audit work to confirm if there was evidence that the system had been dishonorably manipulated.

5. Review amended draft of Building Use Policy with Facility Coordinator, Richard Lussier.

- Richard Lussier requested there be a separate agreement for the groups using the facility that are not required to pay. These groups should still be required to sign an agreement for responsibility even though the use is complimentary.
- A sign in book will also be created for the "walk-in" residents using the facility for recreation during the open hours of the office.
- Richard and the Board agreed unanimously to keep the application as an electronic file and not preprinted in triplicate as originally discussed. This will allow for availability on the web site and by email.
- The complimentary use application will be created and the amended policy and agreements will be discussed for approval at the next meeting.

6. Update on upstairs community center cleaning.

- Scott Morley reported to the Board that the upstairs has been cleaned out considerably since last inspection.
- Cynthia has removed items and done some cleaning. Scott and David Gallup will remove the broken furniture in the following week. The small chairs will be offered to the school for use.

- Once the broken furniture is removed then Bobbi Jo Cleaning will be asked to come and assess the room to provide a cost on a one-time cleaning.

7. Bridge discussion update

- Scott Morley and David Gallup met with Tim Ruggles at the Hi-Acres Bridge for assessment.
- Tim believes if he was able to get his surveying done before the winter then it is possible the Town could have a new bridge by this time next year.
- Tim will be formulating his ideas and providing the Town with some options on how to proceed.
- Tim Ruggles fee is \$75 /hr. with an overall estimated cost of service around \$20,000.
- The Board will discuss how to proceed when the options are received.
- David Gallup will contact Shane Morin from VTrans to confirm the grant allowance will be applicable.

8. Update on gym floor tiles.

- Scott Morley reported that the gym floor tile sample was brought to David Mack at Catamount Environmental this morning. Once the results are received then the Board will discuss how to proceed.

9. Agenda item #9 completed.

10. Select Board discussion relevant to "read only access to the NEMRC" software

- Scott Morley reported that Ernie Saunders from NEMRC will be visiting the office the following day to discuss options with accessing the software.
- The Board can consider read only access, or installing a secondary computer for the Board and for an accountant to use.
- The Board will discuss further when they receive recommendations from Ernie and Jeff Graham.

11. Update with accountant information and written agreement.

- Eva Hayes from Hayes Accounting as given her verbal commitment that she is willing to work with the Town. She has provided two suggested proposals for scope of work to be performed.
- The Board will review the proposals and discuss at the next meeting. They also agreed unanimously to allow Jeff Graham and Ernie Saunders to review the proposals and offer an opinion on how they suggest the Board should proceed.

12. Update on cash receipt printer.

- No update on the cash receipt printer at this time.

13. Update with Tech Patrol and written engagement.

- The Board reviewed the recommendations from Tech Patrol emailed to Scott Morley as follows:

Tech Patrol recommends the following items that should be done at this time

- 1.) VHD (virtual copy) of the server made for legal reasons to be put on a removable drive.
- 2.) Carbonite set up on server for off-site back up. Cost around \$100.00 per year
- 3.) Remap the network drives from UNC to IP address
- 4.) Removal of AVG
- 5.) general checkup of system
- 6.) Upgrade routers from home owner to commercial grade. Cost about \$200.00. this will provide a better, more secure network, with the provision for an isolated guest network.

The system at this time does not require managed services but should do just fine on a break/fix repair plan. Estimated repair for the above work should be under \$1,000.00 after which Tech Patrol, Inc. will be on call at \$90.00/hr on site and \$80.00 per hour remote. with first hour billed thereafter in 1/2 hour increments.

- Scott Morley made the motion to accept these recommendations as written and allow Tech Patrol to perform the work as stated. Bradley Maxwell seconded the motion. The Board agreed unanimously to contract with Tech Patrol to perform the necessary computer work in the Town Clerk's Office as stated.

14. Update on Graham & Graham audit work

- Scott Morley stated that when he and Jeff Graham arrived at the Town Clerk's Office at approximately 8:30 am that morning. They witnessed Cynthia Diaz moving a box of documents into the boiler room. Later in the afternoon Scott inspected the documents and it was strongly believed that it contained many items that were requested by Jeff Graham over the course of the last year as part of the audit process.
- The Treasurer, Cynthia Diaz, had told the Board and the Auditor Jeff Graham, that these documents did not exist and/or were not kept in the office.
- Jeff Graham stated that in a quick review of the documents found in the boiler room, they were in fact items his office was forced to recreate. The approximate cost of recreating them was in excess of \$15,000. If these documents had of been provided when requested, it would have cut the time and cost to the town considerable.
- Jeff stated that it is the Treasurer's obligation under statute to provide a clear audit trail and documents should be available and easily obtainable upon request.
- Jeff Graham could not confirm that all documents found that day were all of the ones required as he had not had sufficient time to review.
- Bradley Maxwell made the motion to allow Jeff Graham to take the documents found that day with him that evening to examine and return with them the following morning. He would then be able to confirm if these were items he has been requesting from the Treasurer. Motion seconded by Mike Marcotte. The Board agreed unanimously to allow Jeff to take the documents off premises for the night.
- On Tuesday morning Jeff Graham and Scott Morley will return to the office and review all materials with the Treasurer Cynthia Diaz.
- Jeff Graham also updated the Board on the current cash deposit situation. Reading from a NEMRC generated report he stated in the current fiscal year, between July 1, 2106 and September 2016 there were 19 recorded cash transactions. This was concerning as in the last four prior years there has been no cash recorded or deposited for the Town.

- Leo Piette asked the Board to explain if insurance representation has been considered. Scott Morley explained that the Town is covered through the Vermont League of Cities and Towns (VLCT) for fraud to a maximum of \$500,000. The VLCT has received the Situation Report from Tom Salmon and the audit report from Gene Besaw and are aware of the ongoing situation. At this time no claims have been filed.
- Jeff Graham recommended the Board contact general counsel outside of the Town Attorney. There is a conflict of interest with the town attorney and he will recommend several lawyers they can consider.
- Mike Marcotte expressed his extreme concern with the newly discovered documents and urged the Board to take action with contacting a lawyer.
- The Board agreed unanimously to proceed as follows: Allow Jeff Graham to inspect the documents found in the boiler room that evening and provide confirmation in the morning that they were in fact, as suspected, documents that were requested from the Treasurer and told they did not exist and; Allow Scott Morley to contact general counsel to discuss best practices for the Board to proceed.
- The Board agreed unanimously to suspend agenda item #14 and continue the Board meeting the following evening on Tuesday October 11, 2016 at 4:30 p.m. to discuss the results.

15. Select Board continued request of Delinquent tax collector to provide complete accounting of those issues. The reports should be from NEMRC software.

- No reports were provided. The Treasurer was not present at the meeting to comment.

16. Treasurer to provide income report from 10/3 to 10/7

- Mike Marcotte reviewed the income report provided by the Treasurer who was not present at the meeting. From 10/4/16 through 10/7/16 the income report showed: \$989.52 total cash, \$185,573.37 total checks for a total of \$186,562.89 total income.
- No action taken and no comment by the Board.

17. Review copies of deposit slips from town treasurer.

- Deposit slips not provided to the Board. Treasurer not present to respond.

18. Review of internal financial policies.

- Mike Marcotte reported that he met with Cynthia Diaz the preceding Wednesday at the Town Clerk's Office. He asked if she was willing to work together with the Board to develop a set of internal financial policies for the Town.
- Cynthia responded that she would need to consult her counsel to ensure it was within her best interest moving forward. She said she would reply by the end of the week.
- Mike Marcotte had not received a response as of the meeting.
- The Board agreed unanimously to suspend the item until the reconvening of the meeting the following day in anticipation of an answer from Cynthia by then.

19. Other business.

- Jeff Graham provided the Board with copies of letters to the four financial institutions holding Town assets that instruct them to freeze all asset movement without written authorization from the Board. Hunt, Jim Jarvis and Maggiacomo will all receive identical letters. Community National Bank’s letter will include instructions to allow bill payments to be made but will immediately require Mike Marcotte to be an additional signatory on all checks.
- The Board agreed unanimously to accept Jeff Grahams recommendation to issue the letters. The letters were approved with the amendments of updating contact information for the three Board members. It will also be clarified that this instruction will not include electronic transfers made from the account for payroll deductions and reporting.
- Official copies of the letters will be signed at the continuation of the meeting the following day and will be mailed/ emailed as soon as prepared.

- Thomas Bouler requested the Board consider allowing him his use of the landfill as a resident waiving the non-resident fees. Thomas owns property in the Town of Coventry but is not able to currently live in it and resides outside of the Town limits. His landfill privileges have been suspended and with his current financial troubles he requested that the Board reconsider this.
- Mike Marcotte explained that the landfill privileges are for residents only and exceptions cannot be made.
- It was suggested to Thomas that he contact the Town Foundation to request assistance.

20. Sign orders.

Payroll	Week ending 10/08/2016	\$1,694.92
Accounts Payable	Payroll Taxes 07/01/16 to 10/11/2016	\$3,599.94
Accounts Payable	10/11/2016	\$110,875.89
Signed by the Board for the Treasurer to draw checks totaling		\$116,170.75

8:05 p.m. Mike Marcotte made the motion to recess the meeting until Tuesday October 11, 2016 at 4:30 pm. Approved unanimously.

Board Members Present:

Michael Marcotte / Chairman; Bradley Maxwell; Scott Morley

Town Officials Present:

David Gallup/ Road Commissioner; Amanda Carlson/Select Board Clerk

Guests:

Leo Piette; David Barlow; Israel Sanville

Press:

Elizabeth Trail / Barton Chronicle; Chris Roy / Newport Daily Express; Robin Smith / Caledonia Record

Mike Marcotte called the meeting to order at 4:30 p.m.

14. Graham & Graham Update.

- Jeff Graham and Scott Morley reported that they arrived at the office in the morning to speak with Cynthia Diaz about the recovered records found the boiler room the previous day.
- Jeff Graham confirmed that they were in fact, many of the items he had been requesting over the prior year that he was told did not exist.
- Five new requests were made for documentation needed to complete the audit. Two of those were produced that morning including a detail of the property tax payments made by the mortgage companies. With this report, Jeff is able to confirm tax payments made and eliminate approximately 40 to 50 names from the list of residents who will be receiving the letter requesting confirmation.
- The recovered documents also included delinquent tax reports and letters to tax payers that had been produced in the NEMRC software. The treasurer had stated these did not exist. It is believed that the software is available at Cynthia Diaz's house where she is producing the reports.
- The Board stated that the Delinquent Tax Collectors position is a separate office and therefore by statute the work can be performed off premises. The concern is that the reports were not provided when requested and that sensitive information is being transported out of the office by way of a pen drive that Cynthia backs up information on at the Office. Cynthia confirmed in the past to Ernie Saunders, Jeff Graham and Scott Morley that she does back up the software on a pen drive however, when access to the pen drive was requested it was not produced.
- Jeff Graham reported that on the delinquent tax reports there is a substantial difference between results. When calculating interest there should be expected differences, however, the differences are too large to account for this variance. He stated, he feels that the reports the

Board has been given are not trustworthy and they have not been provided with an accurate and clear picture of the delinquent tax situation.

- Jeff Graham stated that the recovered documents also included several copies of tax bills with various printing dates registered at the top. This indicates they were altered at some point after issued. It is not known in what way they were altered, why or if it was justified.
- Ernie Saunders will be conducting internal software reports to determine when and what adjustments might have been made to the tax bills. Jeff Graham to follow up with Ernie when the results are available. The office of the Listers will be consulted to calculate if the tax bills were issued and recorded correctly.
- Proper procedures in the office should include one printing of all property tax bills on the same date and that copies of the bills should be kept in the office only. Copies of bills should not be removed from the office for any reason and should not be altered unless documented why.
- Jeff Graham requested access to the vault in order to complete his onsite audit. The vault contains revenue generating documents and part of the audit procedure is to take a statistical sampling of the documents to calculate the anticipated revenue generation.
- Jeff would like to perform this work on the following day, Wednesday October 12. Cynthia Diaz is not expected to be in the office to allow vault access.
- Mike Marcotte made the motion to allow Jeff Graham access to the vault the following day with a Board member on site. Brad Maxwell seconded the motion and agreed to be available at the office to oversee the operation. The Board agreed unanimously to allow Jeff Graham access to the vault to complete his audit. Mike Marcotte to contact the lock smith to gain combination access to the vault for the following day.
- The three letters to the financial institutions instructing them to hold financial transfers were signed by the Board as approved with amendments to contact information. Jeff Graham to issue letters the following day.
- Scott Morley reported to the Board that he had reached out to one of the recommended Attorneys. He has not made contact yet but will have an update for the board at the next meeting on Monday October 17th.

18. Review of Internal Financial Policies.

- No response was received from Cynthia Diaz on proceeding with the policies. No action taken by the Board at this time.

Sign Orders:

Accounts Payable	10/11/16	\$84.06
Signed by the Board for the Treasurer to draw checks totaling		\$84.06

21. Meeting adjourned at 5:39 p.m.

Next Meeting Date: Monday October 17th, 2016 at 5:00 p.m.

Michael Marcotte / Chairman

Bradley Maxwell

Scott Morley

Amanda Carlson / Select Board Clerk