

# MINUTES

## SELECT BOARD MEETING

### TOWN OF COVENTRY

Monday September 19<sup>th</sup>, 2016 at 5:00 p.m.

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**Board Members Present:**

Michael Marcotte / Chairman; Scott Morley; Bradley Maxwell

**Town Officials Present:**

Cynthia Diaz/ Town Clerk/Treasurer; David Gallup/ Road Commissioner;  
Amanda Carlson/Select Board Clerk

**Guests:**

Jeff Graham / Graham & Graham Accounting Firm; Ernie Saunders / NEMRC Software  
Isreal Sanville, Sherry Bradley, Melissa Gallup, Barry Allen

**Press:**

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

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- 1 Meeting called to order at 5:00 p.m. by Michael Marcotte
- 2 Approve Minutes of September 12<sup>th</sup>, 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 Jeff Graham, Auditor, to provide a progress report on the continuing financial audit.

*\*Report attached provided by Graham & Graham, P.C. Certified Public Accountants dated September 19<sup>th</sup>, 2016 titled **Findings, Requests and Recommendations.***

  - Jeff Graham read the provided report to the Board.

- Jeff Graham noted that he is the second auditor to be hired by the Town for a complete financial audit after Gene Besaw. Additionally, Tom Salmon, Auditor for the State, performed a review of the financial procedures in the past at the request of the Select Board. All have reported missing records; improperly followed procedures by the Treasurer; and a lack of reporting and logging of information within the office.
- Jeff Graham noted that prior year Town reports were not issued with accurate figures. He suggested that once he has completed his assessment and books are reconciled that those prior year reports be reissued to the public. Cynthia Diaz supplied that the Board and herself were aware of the understatement of assets in the Town Report and had steps to rectify this.
- Scott Morley asked for clarification on #29 regarding the letter to residents. Jeff responded that there are many tax bills marked as paid however in matching up deposits and bank statements there is no record of the payment made. Jeff has reached out to the mortgage companies and is waiting for documents to verify what they have paid in the past. Out of 576 tax bills, 234 have unidentified payments. After the mortgage companies, he estimates that about 100 bills will need clarification. This standard form letter will be sent to these remaining tax payers asking them to assist the Town by providing information on how their bill was paid. Jeff stated that this is a necessary step for him to complete the audit process.
- Mike Marcotte made the motion to allow Scott Morley to view a copy of the letter from Jeff Graham and sign approval on behalf of the Board. Motion seconded by Bradley Maxwell. The letter is estimated to be sent by next week and will include the contact information of all Board members so recipients can call with questions and concerns.
- Jeff Graham stated that there were some investments that were set up in an unusual manner. Cynthia Diaz supplied that these investments were done by the Board at an approved meeting and were not constructed on her own. Jeff recommended to the Board that they look at all Towns investments to analyze if the investors and investments are appropriate and on the State approved list.
- The Board stated there was resistance from the Treasurer to have a second reviewer of accounts and were told the Treasurer is not statutorily required to have a second reviewer. Jeff Graham quoted the Vermont League of Cities Handbook for Treasurers in regards to the Select Boards control over accounting procedures:

*As long as the Treasurer maintains records that are lawful, clear and accurate from an accounting perspective, the Select Board does not have the power to require him or her to conform to the board's ideas or methods of record keeping. 24 V.S.A. § 872, Annotation 13 D.*

- Jeff Graham stated that in this situation the Treasurer is not providing *lawful, clear and accurate records* as stated and therefore in his opinion the Board had every right to hire a Bookkeeper under their direction for daily inspection and recording of account activity.
- Mike Marcotte questioned use of the check machine. Jeff stated that to ensure accurate records and facilitate a two person checks and balances system, then two people should be present

when checks are scanned. It should also be verified that checks are all deposited in a timely manner.

- Jeff explained that the biggest concern is the cash deposits as they cannot be tracked and verified. Ernie Saunders from NEMRC stated that a quick analysis of 10 random Towns showed that approximately 1.5% of monies coming in were paid in cash. The Town of Coventry did not report any cash deposits as stated in the attached audit report. The best way to ensure accurate tracking of cash/coin/currency is to ensure all transactions are put through the NEMRC cash receipt computer module and for the Board to hire a bookkeeper to monitor accounts. Cynthia Diaz commented that since July 2016 all cash transactions are being put through the cash module.
- In reference to recommendations section “G” of the Graham & Graham report, Scott Morley asked about hiring counsel, about contacting a bonding agent, and when would be an appropriate time to consider these steps. Jeff Graham explained that after he has reconciled all of the reports and has a clearer picture of any monies missing then the Board can consider contacting both counsel and a bonding agent. Jeff will send the Board a list of qualified options in the area.
- When questioned about the timing of audit completion, Jeff Graham stated that if all reports could be provided to him in a timely manner then the audit report could be ready in approximately 3 weeks.
- Jeff Graham departed the meeting and told the Board he was available for questions on the report.
- Ernie Saunders received an email message that the Board would need to provide written permission to Corelogic Property Tax Services in order for them to release the payment information made by mortgage companies for property owners. Mike Marcotte made the motion to allow Scott Morley to contact Corelogic to release the files to Graham & Graham. Seconded by Bradley Maxwell.
- Sherry Bradley spoke to the Board about her concerns of the cash transactions and questioned if there were provisions to remove the Clerk/Treasurer from the position. Scott Morley cautioned an emotion response to the audit findings and explained changes can be made with a Town charter adoption however, the Board felt this was a drastic and lengthy process and not in the best interest of the Town in the long term.
- The Board stated that they will discuss the hiring of a bookkeeper at the next meeting and felt this was the next step forward in correcting the concerns of the auditors.

## **5 Other business.**

- Mike Marcotte announced that the school would be coming to the Town Hall the following day to look through the books and take what the school could use. Anything left over would be used for local fundraisers.

**6 Sign orders.**

- Cynthia Diaz performed some clerical duties for the Office of the Board of Listers. The payroll check did not detail her division of duties and the Board stated that this should be clear, or alternately this should be processed as two separate checks.
- The Board would like clarification on the duties Cynthia is performing for the Listers and will ask them to attend the next Board meeting for discussion.

Payroll	Week ending 09/19/16	\$ 1,709.56
<b>Signed by the Board for the Treasurer to draw checks totaling</b>		<b>\$ 1,709.56</b>

**21 Adjourn**

Meeting adjourned at 7:00 p.m.

**Next Meeting Date:** Monday September 26, 2016 at 5:00 p.m.

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**Michael Marcotte / Chairman**

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**Bradley Maxwell**

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**Scott Morley**

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**Amanda Carlson / Select Board Clerk**